

345086

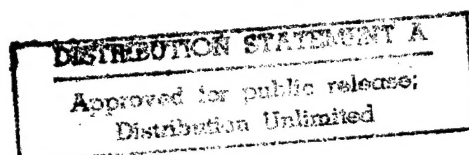
JPRS-UWE-84-011

24 October 1984

# USSR Report

WORLD ECONOMY AND INTERNATIONAL RELATIONS

No. 7, July 1984



INTL QUALITY INSPECTED 2

19980804 118

**FBIS**

FOREIGN BROADCAST INFORMATION SERVICE

REPRODUCED BY  
NATIONAL TECHNICAL  
INFORMATION SERVICE  
U.S. DEPARTMENT OF COMMERCE  
SPRINGFIELD, VA. 22161

5  
122  
A06

#### NOTE

JPRS publications contain information primarily from foreign newspapers, periodicals and books, but also from news agency transmissions and broadcasts. Materials from foreign-language sources are translated; those from English-language sources are transcribed or reprinted, with the original phrasing and other characteristics retained.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by JPRS. Processing indicators such as [Text] or [Excerpt] in the first line of each item, or following the last line of a brief, indicate how the original information was processed. Where no processing indicator is given, the information was summarized or extracted.

Unfamiliar names rendered phonetically or transliterated are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear in the original but have been supplied as appropriate in context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by source.

The contents of this publication in no way represent the policies, views or attitudes of the U.S. Government.

#### PROCUREMENT OF PUBLICATIONS

JPRS publications may be ordered from the National Technical Information Service (NTIS), Springfield, Virginia 22161. In ordering, it is recommended that the JPRS number, title, date and author, if applicable, of publication be cited.

Current JPRS publications are announced in Government Reports Announcements issued semimonthly by the NTIS, and are listed in the Monthly Catalog of U.S. Government Publications issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Correspondence pertaining to matters other than procurement may be addressed to Joint Publications Research Service, 1000 North Glebe Road, Arlington, Virginia 22201.

Soviet books and journal articles displaying a copyright notice are reproduced and sold by NTIS with permission of the copyright agency of the Soviet Union. Permission for further reproduction must be obtained from copyright owner.

24 October 1984

# USSR REPORT

## WORLD ECONOMY AND INTERNATIONAL RELATIONS

No. 7, July 1984

Except where indicated otherwise in the table of contents the following is a complete translation of the Russian-language monthly journal MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA published in Moscow by the Institute of World Economy and International Relations, USSR Academy of Sciences.

### CONTENTS

English Summaries of Major Articles in MEMO Journal (pp 158-159).....	1
International Security: Arms Control, Economic Aspects (pp 3-10) (V. Petrovskiy).....	5
Falin Assails U.S., UK WW II Second Front Policy (pp 11-19) (V. Falin).....	15
New Means of Economic Coordination by Western States Viewed (pp 20-33) (D. Smyslov).....	24
Canada's State-Monopoly Capitalism Trends (pp 34-46) (A. Borodayevskiy) (not translated)	
France's Export Policy (pp 47-54) (V. Presnyakov) (not translated)	
TRIBUNE OF THE ECONOMIST AND INTERNATIONAL AFFAIRS EXPERT	
Certain Questions of the Procedure of Determining Social Production Efficiency (pp 55-68) (B. Dobrovinskiy) (not translated)	
INTERNATIONAL SURVEY	
Major International Events March-June 1984 Surveyed (pp 69-88) (V. Abakov, Ye. Volkova, Yu. Oleshchuk).....	39

## IDEOLOGY AND POLICY

In Alliance With Reaction (pp 89-100)  
(N. Vasetskiy) (not translated)

Roundtable on 'New International Economic Order' (pp 101-116)..... 72

## OUR CORRESPONDENT ABROAD

Concern for the Future (pp 117-123)  
(V. Fedorov) (not translated)

## SURVEYS, INFORMATION

Australia's Finance Capital (pp 124-132)  
(B. Rubtsov) (not translated)

U.S.-Japanese Competition in High-Technology Industry (pp 133-140)  
(Yu. Osipov)..... 91

## SCIENTIFIC LIFE

Bloc CSCE Experts Commission Meets (pp 141-143)  
(V. Razmerov)..... 104

## BOOKS, AUTHORS

IMEMO Series On Capitalist States: Volume on U.S. (pp 144-146)  
(V. Zhelezova)..... 109

Industry and Accumulation in Africa (pp 146-148)  
(Ye. Bragina) (not translated)

Industrial Cooperation Between East and West in Third Countries (pp 149-150)  
(A. Medvedev) (not translated)

Book Views Military Uses Of Western Merchant Marines (pp 151-152)  
(S. Karpov)..... 114

Prevention of Nuclear War. Soviet Scientists' Viewpoints (pp 153-155)  
(V. Davydov) (not translated)

Environmental Quality--1982. Thirteenth Annual Report of the  
Council on Environmental Quality (pp 155-156)  
(V. Sokolov) (not translated)

Obituary of IMEMO Official Zagladina (p 157)..... 117



PUBLICATION DATA

English title : WORLD ECONOMY AND INTERNATIONAL  
RELATIONS, No 7, July 1984

Russian title : MIROVAYA EKONOMIKA I MEZHDUNARODNYYE  
OTNOSHENIYA

Author (s) :

Editor (s) : Ya. S. Khavinson

Publishing House : Izdatel'stvo "Pravda"

Place of Publication : Moscow

Date of Publication : July 1984

Signed to press : 15 June 1984

Copies : 28,000

COPYRIGHT : Izdatel'stvo "Pravda". "Mirovaya  
ekonomika i mezhdunarodnyye  
otnosheniya". 1984

## ENGLISH SUMMARIES OF MAJOR ARTICLES IN MEMO JOURNAL

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 7,  
Jul 84 pp 158-159

[Text] No matter how complicated and dangerous the present stage of development of international relations is from the point of view of the peaceful future of our planet there exists no alternative to the strengthening of universal security--says V. Petrovskiy in his article "System of Security Guarantees of States in the Present-Day World". The strategic equilibrium, having become a real factor, creates objective preconditions for solving security problems by political means in the interests of one and all. In the nuclear and space-exploration epoch one can speak not simply of guarantees as such, but of their system, purported to rule out war, force or the threat of force from the settlement of international arguments. The author singles out two types of guarantees: direct and indirect. The first covers arms limitation and disarmament, peaceful settlement and prevention of international conflicts. The second involves the restructuring of international economic relations on a just and democratic basis. Prominent among indirect guarantees is the need to bring the structure of international economic ties into line with the demands of universal security. The entire system of international security guarantees covers the sphere of interstate relations, stability and effectiveness of which depend largely not only upon inter-system contacts but also on the psychology of peace and trust. The Soviet Union comes out for the adoption of large-scale practical trusty measures among states, arms limitation and real disarmament. As far as those are concerned who shape NATO's course they should ponder over the consequences of their policy to the people of their countries and even nations.

The events of 40 years ago have not lost their significance with the passage of time. V. Falin in the article "One Front with Two Fronts" exposes Washington's and its West European NATO partners' attempts to falsify the history of the opening of the second front in their efforts to belittle the role of the Soviet Union which fought virtually single-handedly against fascism and to depict the United States as the "liberator of Europe". The article, based on rich documentary material, tells the true story of the opening of the second front in Europe. It exposes the real motives by which the U.S. ruling circles and those of Great Britain were guided, toying with the "second front". Primarily it was a matter of different approach to the aims of the war and different views as regards the principles of the postwar settlement. The Soviet Union gives credit to all who fought together with the Soviet people for the just cause, who died to bring closer the hour of victory. But the Soviet people

remember the intrigues of those who blinded by anti-sovietism and fear stricken in face of the anti-fascist struggle of the freedom-loving peoples of Europe persistently sabotaged the opening of the second front, thus delaying the end of the war and leading to the loss of millions of lives. The article points out that the great cause of the anti-hitlerite coalition--cooperation for the sake of rebuffing militarism and fascism, of delivering mankind from future wars was sacrificed to the imperial ambitions of the new contenders to world domination. Thus U.S. imperialist rulers committed the gravest of their political aggressions against humanity; against their own people. The imperialist arrogance sought neither equality nor democracy for all but undivided hegemony for Washington, the article states.

The history of the intergovernmental economic regulation in the West can be subdivided into two main stages. Its theoretical foundation, reflecting the essential postulates of Keynesianism, has been laid in the 30's and 40's. According to this theoretical background the regulation mechanism has been brought into life taking the form of a series of international organizations which began functioning after the World War II. The second stage in the evolution of the international economic regulation commenced in the early 70's when the existing mechanism revealed its inconsistency towards the resolution of the vital problems stemming from the mounting internationalization of production and capital. D. Smyslov in the article "Interstate Regulation in the West: Concept and Mechanism" examines the particulars of the contemporary stage in the international economic regulation development. Under the impact of the structural shifts in the world capitalist economy and the crisis of the postwar state monopoly regulation the ruling circles of Western countries initiated in the mid-70's reshaping of the theory and practice of the international economic regulation. The author presents the analysis and practice of the international economic regulation. The author presents the analysis of the most significant elements of this reshaping namely the transformation of the institutional structure of the interstate regulation, the moves toward the coordination of national economic policies along with the conventional control over the external relations, the concerted elaboration of priorities in the sphere of foreign activity and some others.

The author emphasizes recent trends in the direction of certain reduction of the centralized economic regulation within the framework of the international organizations in favor of the autonomous adjustment measures on behalf of national governmental institutions, reflecting the now popular deregulation ideology. As far as the confrontation with the socialist countries is concerned the capitalist states have demonstrated their determination to coordinate their policy in the relationship between Western and Eastern countries using the mechanism of annual summit meetings.

The important goal of the interstate economic regulation is the harmonization of the world capitalist economy, preventing crises and curbing inflation and adjusting to the shifts in the balance of powers. Its efficiency is eroded by the uneven development of the capitalist countries and subsequent sharpening of the international competition.

"Canada: Trends of State Monopoly Development" by A. Borodayevskiy is dedicated to the investigation of the main feature characteristic of Canadian state monopoly capitalism. According to the author's view the Canadian model of state monopoly capitalism has much in common with that of West European countries namely the relatively high level of the governmental entrepreneurship. There are also similar features comparing with the American model in the field of direct and indirect anti-cyclical regulation. During the recent decades the Canadian state has appeared actively involved with the macroeconomic and microeconomic matters, using the tools of the long-term structural adjustment, nation-wide economic forecasting and programming. The author speculates upon the dimensions of state property in Canada, substantiating his views by abundant statistical data, traces the evolution of the financial mechanism and the structure of the state budget and accounts for its current deficit. As far as the national programming is concerned, the Canadian Government has arrived at the conclusion that the West European planification experience was not appropriate to the needs of Canadian pluralistic economic and social system. The Liberal government has adopted the principle of "target management", stipulating the close interaction of the state and big business in the solution of a series of separate tasks. These tasks might comprise the growth of productivity, stimulation of employment, spurring of R&D activities, elimination of regional discrepancies and the like. Undoubtedly the economic function of the state in Canada will go on developing to provide for further strengthening the monopolistic control over the national economy at the expense of vast democratic masses.

The further development of the international division of labor, the internationalization of production, the growth of international trade and export of capital mark the evolution of modern productive forces. The objective trends appear to be rather of a contradictory character in France, where relative weakness of national industry has compelled the country to resort to protectionism or other measures of restricted trade policy. This policy was adopted immediately after World War II out of such considerations as betterment of the terms of trade, protection of national agriculture and industry against the destructive effects on the international competition. Under the circumstances of the general international liberalization of the early 1950's France had to face the urgent task to work out the new foreign strategy, aimed at strengthening primarily the export potential. V. Presnyakov in the article "Export Strategy of France" highlights the evolution of export strategy, focusing on the period of the 1970's and early 1980's. The author assesses the positive and negative results of the so-called "policy of jags" (*la politique des creneux*), which became the chosen pattern of French specialization. This policy is to meet the requirements to provide for the higher competitiveness of France in the long run.

On the basis of new statistical data the author presents the analysis of French foreign investment which plays an important role in the realization of French companies goals in their external activities. The author concludes his examination describing the main measures undertaken by the left forces government in the domain of international relations and gives his estimate of the future participation of France in the international division of labor.

B. Dobrovinskiy in his paper "Determination of Social Production Efficiency: Some Methodological Problems" tackles a very intricate and urgent question, striving to work out the scientifically substantiated approach to the quantitative estimate of the social production efficiency perceived as the optimal allocation and use of the production factors. The present-day economic reality, characterized by the transition towards the intensification of the production, brings to the fore the important task: to stimulate the social production efficiency growth as one of the crucial factors of productive forces development. On the firm basis of Marxist theory the author scrutinizes the problem of social production efficiency, pinpointing the significance of its definition from two angles of review: regarding its politico-economic essence and its techno-econometric contents. There are also deliberately examined statistical indicators relating to macroeconomic parameters which can be used to define the dynamics and actual level of social production efficiency. The elaborated system of quantitative assessment can be helpful as an instrument of the reproduction process analysis and comparative studies, specifying the current phenomenon in the economy of the capitalist countries.

COPYRIGHT: Izdatel'stvo "Pravda". "Mirovaya ekonomika i mezhdunarodnyye otnosheniya". 1984

CSO: 1812/266-E

## INTERNATIONAL SECURITY: ARMS-CONTROL, ECONOMIC ASPECTS

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 7,  
Jul 84 pp 3-10

[Article by V. Petrovskiy: "System of Guarantees of States' Security in the Modern World"]

[Text]

I

Ever increasing seriousness is attached to the question of strengthening general security under the conditions of the present dangerous growth of tension, which has been brought about by the galvanization of imperialist forces pursuing a policy of militarism and claims to world domination, a policy of frustrating social progress and violating the rights and liberties of the peoples. Removing the military-threat--it is to this, the Soviet Union believes, that the efforts of all states should be geared. This goal, which corresponds to the vital interests of mankind, should also determine the sum total of measures for the dependable guarantee of states' security in the nuclear age.

The question of guarantees of peace and international security has a long history. Politicians and scholars have addressed this subject since time immemorial. With the appearance of socialism in the world arena, which put on the agenda the peaceful coexistence of states of two opposite social systems, the problem of security guarantees acquired a new resonance. The possibility of finding a common denominator in this sphere has not diminished in the least. The security sphere is not the ideological sphere, where the confrontation of the two systems is irreconcilable. In the nuclear age it should no longer be just a question of individual guarantees as such but of a system thereof whose purpose is to rule out the possibility of war, force or the threat of force for the solution of international disputes.

The system of security guarantees cannot be regarded as some model which is suitable for all times and conditions. It undergoes a certain transformation in the process of its development, bears the imprint of specific situations and is subject to changes not only in time but also in space--from region to region and from country to country. Nonetheless, with regard for international experience, it is possible to speak of a certain typology of these guarantees.

Attempts have already been made in Soviet literature to classify the existing security guarantees. Some authors subdivide such guarantees into enforceable, organizational and material. It would seem that such an approach suffers from a certain oversimplification inasmuch as it fails to take into consideration the entire multiformity of the existing guarantees and their interconnection and interweave.

From the viewpoint of their contribution to maintaining international peace and security two types of guarantees may be distinguished--direct and indirect.

Direct guarantees are arms limitation and disarmament and the peaceful settlement and prevention of international conflicts. "Security Through Disarmament"--this was how the UN General Assembly First Special Disarmament Session defined the arterial direction of states' efforts in the nuclear age. The particular significance of disarmament in the system of security guarantees is determined by its essence as a most important instrument of the abolition of the material-technical basis of war. No other means of ensuring security, however important, is capable of erecting such a really palpable physical barrier to wars.

The arms limitation and disarmament process is from the viewpoint of its place and role in the system of security guarantees multidimensional in its nature and manifestations for it is conducive to the creation of all the remaining direct and indirect guarantees. As a UN study observes, "disarmament is the main and most important factor in strengthening international security."\*

Practical measures in the disarmament sphere would have positive consequences in all spheres of international relations and would be reflected in a salutary manner in the world political climate. They would suffuse all other security guarantees with substantive content and activate the mechanism of unilateral, bilateral and multilateral actions in support of peace.

The letter of the USSR Permanent Mission at the United Nations of 8 May 1984 in connection with the study which is being prepared concerning security concepts points out that "in the efforts to strengthen international security decisive significance is attached to measures aimed at lowering the level of military confrontation, arms limitation and disarmament. Here is the material prerequisite of a secure world. Security and disarmament are inseparable: it is precisely arms reduction and disarmament which are capable of opening the arterial path to ensuring international security." In other words, arms limitation and disarmament are designed to constitute the pivot of a system of security guarantees for all states.

---

\* The "Study of the Interconnection Between Disarmament and International Security," which appeared in 1981 under the aegis of the UN secretary general and which had been prepared by experts of different countries--the USSR, the United States, Algeria, Cyprus, Peru and others--bears the imprint of compromise. In particular, it is not always consistent in pursuing the thought that disarmament is not something isolated but an inalienable component of the process of strengthening international security. However, as a whole, this study is an important stage in the development of the disarmament concept (See UN Document A/36/597, 19 November 1981, p 25).



Arms limitation and disarmament is a lengthy process whose ultimate goal is general and complete disarmament. The achievement of universal and complete disarmament, which was advanced by the Soviet Union back in the 1920's as a most important task of world politics, is now recognized by the world community as the arterial direction of states' international efforts.

As a result of general and complete disarmament under strict international control war would cease to be a means of settling international problems and conflicts and all arms would have to be destroyed and armed forces disbanded, with the exception of those necessary for ensuring internal security and for carrying out compulsory measures envisaged in the UN Charter. Only under these conditions will states acquire genuine military security.

Acceptance of the idea of general and complete disarmament is by no means tantamount to an "all or nothing" position. The way toward its realization lies through partial steps. By these we mean measures regulating the limitation, reduction or destruction of certain systems and types of arms universally and also concerning the curbing and halting of the arms race in certain geographical regions.

Partial measures also include those which, although not leading to an actual reduction in military arsenals, at the same time limit the sphere of development of the arms race and slow it down somewhat, reduce the danger of war and are of a preventive nature.

Thus arms limitation and disarmament are a stage-by-stage process in which partial measures are made commensurate with the tasks of general and complete disarmament as the criterion and goal, and the steps aimed at curbing arms at the regional level are an important component of the global process.

Indirect guarantees of states' security are the reorganization of international economic relations on just, democratic principles, cooperation in the encouragement and development of respect for human rights and basic liberties and the creation of a new information order.

Among indirect guarantees a special place is occupied by the alignment of the structure of international economic relations with the demands of general security. Attaching importance to the establishment and development of economic relations between socialist and capitalist countries, V.I. Lenin termed them an "indirect guarantee of peace" and an "economic and political argument against war."\* This proposition of Lenin's assumes particular relevance in the nuclear-space age, which is marked by the acute confrontation of the two systems.

For the overwhelming number of countries, the UN study on the interconnection between disarmament and international security emphasizes, "...significant progress in the direction of increasingly great equality, including a reduction in and ultimately the removal of the discrepancy between developing and developed countries, is part of the process of strengthening security."\*\*

\* V.I. Lenin, "Complete Works," vol 42, p 76.

\*\* UN Document A/36/597, 19 November 1981, p 32.



While justifiably pointing to the significance of economic factors, certain bourgeois experts at the same time absolutize economic security and ignore the fact that the latter is inseparable from the efforts aimed at consolidating the foundations of world peace and developing international cooperation along all azimuths--not only in economics but also in politics, science, technology and culture. Only as a result of common efforts is an opportunity afforded for turning the resources squandered on wars and military conflicts to productive purposes and the achievement of a higher living standard and thereby for really contributing to the strengthening of the security of the corresponding states.

Such major decisions as no first use of nuclear weapons and the nonuse of force in general and also such specific measures as the dissemination of truthful information and renunciation of claims to hegemonism, a great-power approach, propaganda of racism, chauvinism and national exclusiveness, attempts to teach other peoples how to organize their life, the preaching of violence and the fanning of military hysteria are needed to create a climate of trust in relations between states. And, of course, an appreciable role in the creation of a favorable political atmosphere is performed by confidence-building measures in the military sphere--of both an informative and limiting nature.

## II

The system of international security guarantees extends to the entire sphere of interstate relations.\* The durability and reliability of such a system largely depend on the environment in which it functions. The said environment creates this background or the other for the formation and implementation of interstate guarantees--in a certain sense it itself serves as a condition of general security. The growing role of public forces, the people's masses, classes, parties, movements and organizations advocating the prevention of nuclear war and consolidation of the foundations of general peace represents a most important social guarantee of peace and security under current conditions.

The broadening of the social base of security is also contributing to the development of the corresponding value system in the intellectual sphere which serves as a moral-psychological guarantee of security. The formation of such a guarantee is of all the more significance in that public consciousness in the West is broadly subject to indoctrination for the purpose of making it absolutely unreceptive to everything human and glossing over the fact that nuclear war means mankind's suicide. Among certain people war is perceived as a "thing in itself" which is in no way related to moral-ethical values, while some people, succumbing to reassuring myths, are reconciled to the thought that nuclear war is inevitable.\*\*

The realities of our era presuppose recognition that the mentality imbued with national egotism and the idea of the struggle of "all against all" and constructed on the ideas of the inevitability or permissibility even of wars as an

\* See, for example, E. Skakunov, "Guarantees of States' Security in International Law," Moscow, 1983, pp 39-89.

\*\* See Yu. Davydov, "Spengler and War. Historiosophical Nature in the Light of Modern Experience" (VOPROSY LITERATURY No 8, 1983, pp 76-113). E. Batalov, "And This Also Is a Guarantee of Peace?" (VEK XX I MIR No 1, 1983).

The realities of our era presuppose recognition that the mentality imbued with national egotism and the idea of the struggle of "all against all" and constructed on the ideas of the inevitability or permissibility even of wars as an instrument of policy has finally become obsolete. A new mentality--one of peace and trust--is needed. For this reason, while displaying concern for the creation of security guarantees in the material sphere, it is essential to at the same time operate in the direction of the formation of guarantees which would make the growth of militarist, chauvinist ideas impossible and, on the contrary, would cultivate the ideas of humanism and cooperation between peoples.

In this context it is fitting to recall the UN Declaration on Educating the Peoples in a Spirit of Peace, which was approved on Poland's initiative at the UN General Assembly 33d Session (only the United States and Israel abstained). It was aimed at the creation of the political, economic and other prerequisites and guarantees of the development and strengthening of the relaxation of international tension and an atmosphere of trust between states. This document, in particular, calls on all states to strive to ensure that tuition processes and educational methods and also the activity of the mass media correspond to the task of preparing society as a whole and the younger generations in particular for life under conditions of peace.\* In the atmosphere of the growth of the military threat the practical implementation by all states of the provisions of the declaration would be an appreciable moral-psychological factor in the strengthening of international security. The intergovernmental conference held in April 1983 on educating the peoples in a spirit of international mutual understanding, cooperation and peace advocated the full and comprehensive fulfillment of this declaration.

### III

As a result of the struggle and cooperation in the world arena which marked mankind's entry into the nuclear-space age perfectly definite paths along which the processes of the formation of a system of international security guarantees are developing and which lead to the creation of direct security guarantees appeared. How should movement along these paths be effected and to what should priority be given?

This is a far from theoretical question. It arose in the practical plane following the emergence in the world arena of the world's first socialist state, which proposed dealing with perfectly practical matters in the disarmament sphere and the formation of a collective security system to repulse an aggressor. Specifically the struggle of the diplomacies of the states of the two systems developed around the question of the correlation of disarmament and general security. It became particularly acute in international disarmament forums on the eve and at the outset of the 1930's. And it was on precisely this question that a deep divide between the supporters and opponents of disarmament and the strengthening of international

\* See UN Document A/Res/33/73, 16 January 1979.

security was apparent. From the very start of this work Soviet diplomacy advanced and substantiated the proposition concerning the guarantee of general security through disarmament, primarily general and complete disarmament. Addressing the first meeting of the Preparatory Commission Fourth Session on 30 November 1927, the head of the Soviet delegation declared: "We believe that the greatest guarantee of security for all peoples and all countries is immediate complete disarmament." "Only the realization of the convention on general, simultaneous and complete disarmament proposed by the USSR Government is capable of satisfactorily solving the problem of general security and peace," the Soviet delegation head observed in 1928. "Only given complete disarmament may equal security and equal conditions for all countries be achieved," he emphasized in 1932.

The Soviet delegation pointed out that although they are not a guarantee of security, partial disarmament measures nonetheless lead to a strengthening thereof. An explanatory document appended to the Soviet draft convention on immediate, complete and general disarmament said, *inter alia*: "...The draft convention envisages 1 year from the day it takes effect the ground, naval and air armed forces of all states being reduced to a composition which makes their use for warfare difficult, which limits the possibility of armed confrontations even prior to complete disarmament."\*

The USSR's approach to the problem of the interconnection of disarmament and international security has always been based on the principle of the unity between measures aimed at disarmament and other measures to strengthen security guarantees. Thus the Soviet note to the French ambassador in Moscow of 31 August 1928 in connection with the conclusion of the Kellogg Pact emphasized: "...An international treaty 'prohibiting war' and not accompanied even by such an elementary guarantee as the limitation of continuously growing arms will remain a dead letter lacking any real content." At the same time the Soviet Union stressed the priority of measures of real disarmament from the viewpoint of strengthening security. In 1929 the Soviet Government declared that "it considers as the most serious guarantee of peace disarmament, which it has proposed and now proposes to all peoples. Only disarmament is an effective guarantee of moral and formal commitments to the preservation of peace in accordance with international agreements. On the other hand, each such international agreement (of the Kellogg Pact type--V.P.) is of effective significance inasmuch as it contributes to the speediest realization of the idea of disarmament."\*\*

The obstructionist policy of the West's imperialist powers frustrated efforts to ensure security both by way of disarmament and other measures (the elaboration of a convention on the definition of aggression, the conclusion with neighboring states of nonaggression and mutual assistance and neutrality treaties). Nonetheless, the Soviet Union's formulation of the question of disarmament and other ways of preventing wars and conflicts was of fundamental importance.

\* "USSR Foreign Policy. Collection of Documents. Vol 3. 1925-1934," Moscow, 1945, p 176.

\*\* Ibid., p 293.

Among the principles of cooperation in maintaining international peace and security the UN Charter also cites provisions regulating the disarmament process. The enshrinement in the charter of a broad, comprehensive approach to security questions, on which the Soviet Union has always insisted, deprives attempts to counterpose disarmament to other aspects of international security of foundations in international law.

True to Lenin's foreign policy principles, the USSR has always been and remains a firm supporter of a quest for solutions aimed at strengthening international security, including a halt to the arms race, arms limitations and disarmament and confidence-building in relations between states. The Soviet Union attaches paramount significance to the banning and destruction of all types of nuclear weapons. Soviet proposals on this burning problem occupy a place of paramount importance on the agenda of international life. The USSR has set an example of good will, undertaking not to be the first to use nuclear weapons. The Soviet Union is prepared to solve the problem of both "European" and strategic nuclear arms on a mutually acceptable basis. The negotiations could be resumed at any moment, as soon as the United States has removed the obstacles which it created by having begun deployment of its new missiles in West Europe. There would then be no need for the USSR's retaliatory defensive measures. Such is the practicable path toward agreement.

The reasonableness of the Soviet approach to this burning problem is noted by numerous foreign politicians and public figures. However, even today there are no visible signs of the Washington administration's aspiration to an agreement limiting and reducing nuclear potentials based on the principle of equality and equal security.

The Soviet Union supports the adoption of major practical measures for the creation of trust between states, arms limitation and real disarmament. The proposal concerning a set of rules in relations between powers possessing nuclear weapons which was put forward in K.U. Chernenko's 2 March 1984 speech is of a truly innovative nature. The vital interests of all mankind and the responsibility of state leaders to present and future generations demand that these rules take account of the military-strategic situation in the world and ensue from the most important tasks of consolidating general peace.

Regarding the prevention of nuclear war as the principal goal of its foreign policy--this, according to the Soviet initiative, is what should be the fundamental rule of the nuclear powers' mutual relations. Other fundamental propositions are logically connected with it, namely: renouncing propaganda of nuclear war, undertaking not to be the first to use nuclear weapons, not using them against nonnuclear countries on whose territory such weapons do not exist and preventing their proliferation in any form. The nuclear powers' code of conduct should also record such a long-term task as striving step by step, on the foundation of the principle of equal security, for a reduction in nuclear arms, as far as their complete liquidation in all their varieties. The Soviet Union is invariably guided by these principles. It is prepared to reach agreement with the other nuclear powers on joint recognition of the rules which it proposes and on making them mandatory.

Soviet memoranda specially devoted to disarmament questions also pay great attention to the liquidation of conflict and crisis situations. In a 1980 memorandum this is reflected in its title even--"For Peace and Disarmament and for Guarantees of International Security". A 1982 memorandum emphasizes specially: "The prudent concept of security at the end of the 20th century requires not the plotting of strategic graphs of the escalation of armed, including nuclear, conflicts but vigorous actions to prevent them arising."

The Soviet Union invariably advocates the peaceful and just settlement by political means of acute international conflicts flaring up in various regions, short-lived and protracted and purely "local" or rapidly expanding and fraught with the threat of a global nuclear confrontation. The USSR believes that the Security Council is designed to play the determining part in the process of the settlement of disputes and situations whose continuation could jeopardize the preservation of international peace and security.

The need to ensure that progress in the sphere of arms limitation and the creation of other guarantees of international security be regarded as goals closely connected with one another increases particularly under current conditions. At the same time it would be wrong to imagine the achievement of one as a prior condition for the other. There could be arms limitation and disarmament measures which do not require simultaneous steps of a political nature. However, there are also those whose realization is impossible without parallel actions in other spheres. The more far-reaching and substantial in the military plane the arms limitation and disarmament measures are, the more acute the need for concerted actions to consolidate all other direct and indirect guarantees of international security. However, as the above-mentioned UN study emphasizes, although the processes of disarmament and the formation of other guarantees of international security may be separated conceptually, in reality they frequently coincide and complement one another, forming a single whole.

The indissoluble interconnection of disarmament and international security points to the need for the maximum effort to be exerted to bring closer the accomplishment of the task of tasks of our time--curbing and halting the arms race and switching to practical steps to reduce the level of arms stockpiles and to real disarmament.

Both general and national security may be strengthened best, the study observes, in an atmosphere of relaxation of international tension, which means the establishment of normal equitable relations between states, the creation of definite trust and an ability to take account of one another's legitimate interests. Detente is "an important factor for progress in ensuring international security."\* The Palme Commission report also confirms the determining significance of arms limitation and disarmament for the consolidation of international security: "Adoption of the principle of security for all as the basis of efforts to reduce the threat of the outbreak of war,

\* UN Document A/36/597, 19 November 1981, p 41.

limit arms and advance toward disarmament means essentially that cooperation should come to replace confrontation in the settlement of conflict situations."\*

The formation of states' security guarantees presupposes efforts on both a global and regional level. These efforts should not substitute for but underpin one another. Regional and global security are two sides of the same coin, whose name is international security.

Realistic ideas of ensuring international security representing a repudiation of the old traditional views of security as a synonym for a buildup of military muscle, which have become a historical anachronism, which are a part of international usage are forcing the United States and its closest allies to be evasive and to resort to various dodges. The hypocrisy of Western politicians who while taking great pains concerning the strengthening of international security are putting forward a variety of reservations and prior conditions precluding in practice the possibility of the adoption of effective measures to consolidate the foundations of general peace and security is revealed graphically here. Many Western politicians cannot make the ends meet. To begin with the fact that, as in the past, they are again attempting to artificially divorce international security from disarmament, which is the material prerequisite of a secure world, and reducing it merely to a single problem--conflict situations. As on the eve of World War II, Western diplomacy is putting forward as a prior condition of arms limitation the implementation of measures to settle conflicts. But as soon as the question of removing centers of tension arises, it displays a readiness to talk only about one or two of them, completely closing its eyes to the problems which it considers "inconvenient" for it.

Such a destructive approach to problems of ensuring international security revealed itself in full at the "jubilee" NATO Council session timed to coincide with the 35th anniversary of the founding of this aggressive military-political grouping. In the current situation, when questions of preserving and consolidating peace are particularly acute and when the peoples are demanding increasingly persistently the adoption of effective measures to reduce the military threat and strengthen international security, the United States and NATO as a whole are the principal obstacle on this path and are attempting to impose their practices on all and sundry, undermining the very foundations of general security. "The Soviet Union," the TASS statement of 2 June emphasizes, "emphatically repudiates such a policy. Those who have not abandoned dangerous illusions of harming the legitimate interests of the USSR and the interests of its friends and allies should be reminded once again--this will not happen. All such attempts are doomed to fail, as has been the case repeatedly in the past. Those who determine NATO policy need to return to the soil of reality, ponder the consequences of their policy and recognize the entire extent of the responsibility they bear to the peoples of their countries and to all peoples."

The search for practicable ways to strengthen general security require a perfectly definite, politically clear position and the drawing of a precise line between concepts aimed at ensuring the security and well-being of all countries and peoples and those which have nothing in common with security--neither international nor national.

\* "Security for All. Disarmament Program. Report of an Independent Commission on Disarmament and Security Chaired by Olof Palme," Moscow, 1982, p 84.



The Soviet Union is struggling actively against the forces which are leading matters toward increased military danger. "The arms race and the spurring of the balance of terror," K.U. Chernenko emphasized in his 4 June speech, "are not our choice. We emphatically support the achievement of a reduction in the military confrontation and accords on this score in accordance with the principle of equality and equal security."

COPYRIGHT: Izdatel'stvo "Pravda". "Mirovaya ekonomika i mezhdunarodnyye otnosheniya". 1984

8850

CSO: 1816/11

## FALIN ASSAILS U.S., UK WW II SECOND FRONT POLICY

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 7,  
Jul 84 pp 11-19

[Article by V. Falin: "A Front With Two Fronts"]

[Excerpts] The military-technical aspects of the organization of the second front and the Normandy landing of the American-British expeditionary force on 6 June 1944 have been illustrated in the closest detail. All the pluses and achievements are enhanced in the official Western accounts. Critics have clearly stamped all the minuses and blunders. So the appearance here of anything essentially new is hardly to be expected.

With reference to the FRG such violence to the truth [Pentagon attempts to expunge from the record Gen D. Eisenhower's reference to "valiant allies and brothers in arms on other fronts"] represents a sample of subtle revanchist propaganda: it was not the socialist Soviet Union which made the decisive contribution in the rout of Nazism but the "Western democracies". Consequently, it was they which ought to have determined the postwar world setup. Consequently, there is no harm in demanding a revision of the results of the war and, if necessary, wresting from the USSR "from a position of strength" that which it "insidiously appropriated". New adventures even, particularly in harness with American imperialism, which, seemingly, is not averse in its anticommunist zeal to outdoing the past models, are not to be feared.

However, this is not our subject on this occasion. The data, figures and dates are accessible to anyone who wishes to investigate the past in order to better understand the present. It is clear to all without comment that even the rule of contraries method cannot prove that the 62 percent of the forces of Germany and the states collaborating with it on the Soviet front in mid-1944 were less than the 30 percent which the Hitlerites maintained on all the remaining fronts. It cannot without equilibration be found how as a consequence of the "transfer of German forces from East to West" the percentage of German soldiers and officers on the Soviet front had risen to 65 percent by the start of 1945. Such forgeries are aimed at political neophytes and blind men.

It is something else which is important. The second front has not only a military but also its complex political biography. It has not yet been read in full, nor sensibly described. Far from all the events form a logical chain.



Many of its links have been broken and disconnected. For some people it is necessary that they not be linked together. Some people have a keen interest in ensuring that most important documents and material capable of bringing clarity not to the tactics but to the essence of the plans remain, as before, inaccessible to the uninitiated. It is not a question of their initiators modesty--false or genuine.

To begin with the fact that the idea of a second front is older than it is customary to believe. Without delving into the debris, let us take as the starting point 1 September 1939--the official date of the start of World War II. For 18 months certain circles in London, Paris, Washington and Berlin tried--and not just once--to move along several, far from parallel tracks. We recall the 1939-1940 "phony war"--Germany against Britain and France--the still "unexplained," intelligently, permission for the British to evacuate from the continent following the defeat of France and Hess's sensational flight. The content of the talks with the deputy Fuehrer is still guarded as a British official secret.

What, then, happened? The Germans were afforded an opportunity, without dispersing into two fronts, to smash landowner Poland. In the cherished dream that, intoxicated with the easy success, Hitler would rush further eastward? If it had been possible to channel German aggression against the Soviet Union, which had been frustrated earlier, Poland would surely have been plotted on the chart of "democratic" losses, as Austria and Czechoslovakia had been before. Is this not so? The Nazis, however, were not about to be at the beck and call of London and Paris. Incidentally, the British were at that time rated higher in Berlin, and better contacts were organized with influential forces of Great Britain. This is probably why, having smashed the French Army, the Hitlerites resolved not to burn their bridges--not to humiliate Albion with the capture of its army at Dunkirk, although nothing prevented them doing this. It was for this reason, it has to be assumed, that Hess parachuted into Scotland and not earlier somewhere, let us say, in the Loire Valley. Nonetheless, in something the British Tories and the German Nazis did not agree. In what?

Such was the prelude to what is called the second front. Confused, irrational, employing a musical term, cacophonous and at the same time ominously real.

Germany's treacherous attack on the Soviet Union on 22 June 1941 created a qualitatively new situation. The leaders of the United States and Britain were faced with a dilemma: what attitude to adopt toward the clash of the two worlds, which even yesterday had seemed so much to be desired? Cynics of the H. Truman type appealed openly: if Germany is winning, help Russia, but if Russia is prevailing, help Germany, "and let them kill as many of each other as possible." We would note that this also is a version of the struggle on two fronts. Officially Washington and London occupied a benevolent wait-and-see attitude in respect of the USSR. In words they sympathized with us in our failures in 1941 and quakingly pondered how long the Soviets would hold out. The U.S. President and the British prime minister promised by substantive military actions to divert part of the German forces and also to support the Red Army with supplies of arms and material. However, they made no haste to do either. They calculated and estimated.

At the most difficult, initial stage of the war, as in the most severe years of 1942 and 1943, the USSR was forced to fight head to head against Germany's huge military machine, for which almost all of Europe was working. A second front did not take shape from the British and American promises for a whole 3 years. For the time being our allies preferred to remain aloof from the grand issue and to build up their forces on the quiet--they had to stand in good stead in all freshness and impressiveness at the finishing line--and in the meantime pecked at Nazi Germany and its stooges on the periphery.

What arguments did the United States and Britain put forward in justification of their selfish interpretation of allied duty? How did they explain, in particular, failure to observe the commitment adopted at the talks with the USSR in May-June 1942 to open a second front in 1942 and the promises to land in Europe in 1943, which also went unfulfilled? By references to the technical difficulty of organizing an assault landing, the need to mobilize a sufficient quantity of forces and weapons, the importance of instructing the personnel as well as possible and such. It's not bad when there is a chance, sitting it out behind a partner's back and in no hurry to pack one's bags, to wage war in comfort. It is, after all, more profitable, albeit not very noble, to wait while someone else breaks the beast's backbone, and it just remains to flay it. Not to mention such a factor of considerable importance as the extent to which Washington and London by their actions--assuming commitments and violating them--complicated military planning for the Soviet Union.

Was everything held up because of equipment? Archive and other material compel our doubts. In 1942 our allies still had doubts as to the durability of the USSR. Would it survive, particularly if, in the event of the fall of Stalingrad, Japan and Turkey moved against the Soviet Union? If it holds out, well and good, then let it wear out Germany a little longer, facilitating the accomplishment of subsequent tasks of American and British policy. If it does not hold out, this would be worse: and the United States and Britain would have to think first of all about themselves. In addition, London and Washington seriously feared the appearance in Germany of nuclear weapons. They knew that in 1941-1942 the Germans had overtaken the Americans in this sphere. What to do if the Hitlerites acquired the atom bomb? Someone and something would have to be sacrificed. Finally, the upsurge and strengthening of patriotic forces of the left in the majority of European and Asian countries was not to their liking. Thinking up a prescription for their "pacification" was not easy.

The great battles on the Volga and the Kursk Bulge signified a fundamental turning point in the war. Fascist Germany had lost the strategic initiative completely and was heading for collapse. The frame of mind of the leaders of the powers allied with us also changed. It was necessary to switch from talk to action. And imperialist souls split this time also.

The Russian millstones had pulverized the Nazi divisions with such indomitable might that the Red Army's potential ceased to amaze. It intimidated. In the summer of 1943 the U.S. OSS studied--as an alternative to a second front--the expediency of "turning against it (the Soviet Union--V.F.) the entire power of a still strong Germany." A joint Anglo-American staff meeting

of 20 August 1943 studied the prospects of U.S. and British policy in respect of the USSR. In paragraph 9 of the protocol "Military Considerations in Respect of Russia" we read that the participants in the meeting--Admirals W. Leahy and E. King and Generals G. Marshall and G. Arnold (from the United States) and Gen A. Brook, Adm D. Pound and Chief Air Marshal C. Portal (from Great Britain)--discussed the question of whether "the Germans would assist" the entry of Anglo-American forces into German territory "to repulse the Russians".

We will not be unfaithful to traditions and will say that F. Roosevelt's policy ultimately prevailed and that the arguments in favor of continuation of the military cooperation with the USSR in the name of the speediest defeat of Germany and Japan gained the upper hand. At the Teheran meeting of the heads of the three powers F. Roosevelt and W. Churchill officially notified I.V. Stalin of their intention to open a second front in May 1944. True, proceedings were not without intrigue even here. Putting policy ahead of military reason and contradicting his favorite proposition as regards "technical difficulties," W. Churchill pushed forward the Balkan model of the second front as "the most suitable". London's twist appeared excessive even to the American side. The U.S. President believed that "if things in Russia continue to go as they are now (after the Kursk battle--V.F.), next spring, possibly, a second front will not be necessary." The time of subterfuge had expired.

The agreement in principle on a second front was not, however, identical to the allies' search for the shortest paths to the Nazi lair and was not a guarantee of their sincerity. Here are a few subjects for contemplation.

Approximately a month prior to the Normandy landing the Joint Chiefs of Staff Committee reported to U.S. Secretary of State C. Hull considerations concerning... a future war with the Soviet Union. The report pointed out, inter alia: "...If all factors are considered--sources of assistance, human resources, geographical location and, particularly, our capacity for transferring our forces across the Atlantic and employing them on the continent--we could defend Great Britain, but could not defeat Russia. In other words, we would be involved in a war which we are not in a position to win." The anticommunist, hegemonist leaven did not cease to ferment and make itself felt in various way literally on the eve of Operation Overload itself and more than once during it. Whatever the case, on 6 June 1944 tens of thousands of Americans and British nonetheless landed in Normandy. What soporific potion was used to ensure that German intelligence overlooked the crossing of 5,000 ships toward the landing area? Montgomery was amazed that "throughout the armada's path from the control area south of the Isle of Wight, as Admiral Ramsey reported to me, there was no enemy resistance whatever, and this was so inexplicable that the entire movement seemed surrounded by an atmosphere of unreality...." All the more inexplicable in that on the night of 6 June, simultaneously with the departure of the seaborne assault landing, allied aviation dropped many thousands of tons of bombs on the Germans' artillery batteries, headquarters, troop concentrations and rear services, outlining the area of the assault landing. And a few hours earlier, 2,395 aircraft and 847 gliders had dropped many thousands of paratroops in the Germans' rear. Anyone had to have seen through such armageddon. But did not.

Among other outward absurdities in the sides' conduct at different stages of implementation of the Overlord plan we would cite as examples the following. Field Marshal Rundstedt, commander of the "West" group, proposed--in view of the scarcity of available forces for defense of the entire coastline--assembling in the event of a landing the German divisions in several mobile striking forces. This proposal was turned down by the supreme command, which ordered the troops to be deployed mainly in the coastal zone, which later complicated their use considerably. Having received information concerning an airborne landing, the same Rundstedt ordered on the night of 5 June two reserve armored divisions to move from an area west of Paris to the bay of the Seine. At 0600 hours he received from above the instruction to halt the tank columns since, as the cable said, "it is as yet difficult to determine with confidence where the main forces will land and, furthermore, Hitler has not yet made any decision." On 2 July Rundstedt was replaced by Field Marshal Kluge, and operational leadership of the German forces on the Western Front switched to persons who had sympathized with the plot against Hitler (Kluge) or had been involved in it (Field Marshal Rommel).

We will not rush to conclusions and will as yet merely compare certain facts: by the end of June 1944 the allies, not encountering a serious rebuff, had increased the strength of their expeditionary force on the Normandy beachhead to 875,000 men, who had 148,803 means of transport at their disposal. Twentythree airfields were set up in the landing zone. A considerable proportion of the tactical aviation operated from these. It was in precisely this period that the German flank found itself unprotected, and, given movement by the Americans and British south and southeast, the Germans' entire western front had to have collapsed. But for several weeks the allies froze, as it were, confining themselves to actions of local significance in the zone of the beachhead they had captured.

Was experience of large-scale operations lacking? Undoubtedly. Many technical flaws were observed in the interaction of the arms of the services, and there was much friction between the national groups which made up the expeditionary corps. An endeavor not to take risks and to reduce the level of one's own losses, even putting the life of the peaceful population in jeopardy, prevailed. At the time of the breach of the enemy defense in the cities and other population centers, since the war was not being fought on one's own territory, extensive use was made of strategic aviation and, on the coast, of ships' main batteries. Thus an offensive of three British infantry divisions and three armored brigades against the positions of one German airfield division in the city of Caen was supported by 2,200 heavy bombers. Little was left of the French city after 14 days of fighting.

All this, taken together or separately, does not make clear, however, the following--was there not an intrinsic interconnection in the outwardly contradictory interweave of chance and absurdities? In war in particular surprise is more often than not a miscalculation, incompetence or treachery. Was the landing not seen because German intelligence was headed by Admiral Canaris--a participant in the plot against Hitler--who was in communication with the British? Was the Wehrmacht Supreme Command's inadequate response to Operation Overlord not linked with the fact that the majority of the conspirators were for nonresistance to the offensive of the Anglo-American

forces and an end to the war in the West before the Red Army entered the confines of Germany, Austria, Czechoslovakia and the Balkan countries? It can hardly be assumed that Rommel, being au courant with the plot and oriented toward Hitler's ouster, had abstracted himself in his thoughts and conduct from impending events.

Plainly significant was the allies' passivity in July 1944, when the logic of the struggle prescribed active, concentrated use of their superiority and the confusion of the enemy. These things do not happen for nothing. Were they awaiting events in the Nazi camp which would help the entry of the American-British forces into German territory?

What was the point of exposing one's head to fire if the German's organized resistance in the West was on the point of ending? The Normandy landing operation had been completed, and at this very time--20 July--a bomb exploded in Hitler's headquarters in Rastenburg.

The plot against Hitler fell through. Hitler and his gang retained power. The pretext for throwing out the slogan: Nazism has been overthrown, the anti-Hitler coalition has accomplished its mission, it is time to display "magnanimity" toward Germany did not emerge. There was a feverish purge of the army and civil service in the Reich on 20-21 July of all persons mixed up in and suspected of being party to the plot. No sooner, no later, on 22 July, the commander in chief of allied forces convened a meeting to discuss "the situation that has taken shape, which has dictated that Montgomery press forward in force, displaying prescience." Together with purely military considerations, a witness recorded, "this was also required by the political situation."

Much that is unknown remains in the balance. It is no secret, however, that the conspirators supplied London and Washington with abundant confidential military and political information. We also know that the allies were not that generous in sharing the information that they received with the USSR. They were very careful to conceal their sources. There was strict secrecy when they were contacted, for example, by emissaries of Himmler or persons from the Fuehrer's immediate entourage.

And the more one learns, the more relative the most improbable becomes. What was meant by the phrase in the instructions to Rundstedt--"Hitler has not yet made any decision"? Did not the explosion in Rastenburg frustrate Hitler's disavowal of himself? What was behind the continuous hesitation of the German commanders on the Western Front--despair of mutually exclusive instructions? Even the Ardennes savor of mystification. On the one hand by their gentleness, indecisiveness and errors the allies themselves were asking to be punished. On the other, the Germans were looking for a chance to show that they could still deliver a mass of troubles or be of use. If there was a strategic calculation in the Ardennes operation, in Berlin's eyes it amounted to just one thing--arriving at a mutual understanding with the Americans and British in order to halt the USSR. "It is naive to hope for the success of negotiations at a time of severe military defeats," Hitler admonished his generals. "Negotiations may only be conducted from favorable military positions. The Western powers will be more inclined toward peace per an agreement if we succeed in inflicting a military defeat on them."

The Germans' Ardennes operation made an agonizing impression on the allies. F. Roosevelt and W. Churchill sent I.V. Stalin a message on 24 December 1944 calling for emergency assistance. In another letter the British prime minister wrote: "Very serious battles are being fought in the West, and big decisions may be required of the Supreme Command at any time." A hint at something going beyond the framework of the military operations against the German-fascist forces? "Big decisions" of a panic or anti-allied nature were not required. The Soviet Union launched a powerful offensive, in which 60 German divisions--three times as many as the Hitler command had detailed for action in the Ardennes--including, incidentally, the SS 6th Tank Army, which Hitler had dispatched from the Ardennes as soon as the offensive there had misfired to meet the Soviet forces fighting in Hungary, were smashed.

The draconian orders to Hitler's units and formations to cling on to each position in the way of the Red Army's advance and their waging of the war in a slipshod manner in the West speak for themselves. The one thing that the fascist top brass could not permit itself in the last winter of the war was to openly raise its hands on one side. There would inevitably have been a chain reaction of the universal collapse of the regime and its institutions. However, by the end of March 1945 capitulation "on the quiet," de facto, had become a fait accompli in the West. In April-May the German Supreme Command saw the enemy only in the East and confined itself to fighting it alone.

It is probably not possible to dot the "i's" without having made at least brief mention of the fact that the second front had a further secret address--the national resistance in the countries which the American and British forces had entered. Considerable credit for the fact that, having landed in Normandy and later in the south of France, the allies encountered scattered pockets of the enemy's defense, frequently isolated from one another, is due to the French patriots. They threw out the Germans' lines of communication, put transport routes out of action and boldly fought bitter battles with the occupiers, inflicting big losses on them. In mid-July 1944 a popular uprising extended to 40 of France's departments, and at the end of the month the insurgents had diverted toward themselves eight divisions or one-seventh of Hitler's forces. Formations of patriots had liberated the greater part of Brittany even before the approach of the allies. In August the Resistance fighters themselves put an end to the aggressors in 28 departments in the south of France, whereas the allied forces, following the landing on 15 August 1944, plucking up their courage, displayed no activeness for a long time.

Referring to the operations of the national resistance forces, the chief of staff of the German G group observed: "...We are dealing with an organized army, which is in our rear." From 6 June through 4 July 1944, according to dispatches of the occupation authorities, participants in the Resistance exterminated 7,900 Hitlerites. In August 1944 the patriots killed 8,000 German servicemen in southeast France alone and took 42,000 prisoner. The effectiveness of the operations of the Resistance forces was not inferior to and in the south of the country vied with the effectiveness of the military operations of the allies.



Paris rose up on 19 August 1944, and by 24 August the French patriots had smashed the German garrison. The sides' losses attest the intensity of the insurgents' struggle. The Germans lost 3,200 dead and 4,911 wounded, the French 5,392 dead and wounded. All these days units of the American 3d Army, remaining several kilometers away from the city, observed the fighting from the side. General Bradley declared: "I can confess that we are by no means bursting to liberate Paris right now."

The Resistance forces, in Eisenhower's estimation, were the equivalent of 15 allied divisions and they rendered the allies tremendous assistance. It has to be assumed that it was not from pure thankfulness that the American-British command answered the patriots with black ingratitude and, it so happened, treacherously left them in the lurch and directed matters toward the de-organization of the resistance movement and its liquidation. Prompted by the allies, the French Government promulgated a decree on 28 August 1944 on the disbandment of the French internal forces, but failed to win Washington's and London's favor. The latter declined in every way possible to assist the strengthening of the regular French Army also. In September 1944 France requested that the United States and Britain provide it with arms for five divisions. The Americans consented to supply arms for two, demanding in exchange the allocation to them by 31 October of 243,000 men for "auxiliary services". The British responded to the French request 2 months later with general consent to render weapons assistance.

The story of the second front with two or even more fronts is far from finished. We could recall W. Churchill's notorious orders to field marshals Montgomery and Alexander to prepare for possible military engagements with units of the Red Army and the Yugoslav People's Liberation Army and the political convulsions of H. Truman, who had taken over the reins of office following the sudden death of F. Roosevelt in March 1945. There is much that in no way adorned our allies in the anti-Hitler coalition and for which not the collapse of Germany but only allied loyalty in implementation of the decisions adopted jointly for the building of a strong postwar world could have served as a model. In one of his last political appeals F. Roosevelt emphasized that "the destiny of the United States and the destiny of the whole world for future generations" would depend on the fulfillment of the allied agreement with respect to Germany. "Americans can have no middle option here," he cautioned. "We must assume responsibility for international cooperation or we will be responsible for a new world conflict."

These words contain a hint of the president's profound concern for future U.S. policy. He knew that there were things to be concerned about. Circles which only out of necessity had tolerated the "unnatural" alliance with the USSR which longed for a 180-degree turn in American policy began to raise their heads increasingly high in the United States with the approach of victory. They could not wait, relying on economic might and the atomic monopoly which had evolved, to establish American world leadership. In their thinking even the United Nations was an unnecessary limiter of the United States' "freedom of action," a harmful legacy of the "plebeian spirit" which had run out of control in the war years and a flawed structure which recognized the principle of the equality of the United States and the USSR.

Imperialist arrogance sought not equality and not "democracy for all" but undivided hegemony for Washington.

Thus was the basest betrayal committed--betrayal of the cherished hopes of the peoples, who had paid in World War II with more than 50 million lives for the right to peace. The great cause of the anti-Hitler coalition--cooperation to repulse militarism and fascism and in the name of the deliverance of present and future generations from wars--was sacrificed to the imperial ambitions of the new pretenders to world domination.

COPYRIGHT: Izdatel'stvo "Pravda". "Mirovaya ekonomika i mezhdunarodnyye otnosheniya". 1984

8850

CSO: 1816/11



## NEW MEANS OF ECONOMIC COORDINATION BY WESTERN STATES VIEWED

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 7,  
Jul 84 pp 20-33

[Article by D. Smyslov: "Interstate Regulation in the West--Concept and Mechanism"]

[Excerpt] As a result of the profound structural crisis and the breakup of the mechanism of state-monopoly regulation of world economic processes which had evolved in the postwar years the ruling circles of Western countries embarked roughly as of the mid-1970's on the path of revision of the theory and practice of such regulation. This revision, which initiated a new stage in the evolution of interstate economic regulation, was marked by appreciable changes in the approach to a number of problems of importance for capitalism. Among these were transformation of the institutional structure of interstate regulation; the establishment of mutual relations between supervision of the functioning of foreign economic relations and the concordance of the national economic policies of individual countries; the ranking in terms of the degree of importance of specific targets of regulation; the search for an acceptable balance of market factors and state intervention; and, finally, determination of the nature of the interaction of the capitalist states and international regulatory institutions.

### Three-Tier Structure

There has long been talk in the West about the need for an essential reorganization of the institutional structure of state-monopoly regulation of the world capitalist economy and world economic relations. Certain actual steps in this direction have been taken in practice. As a result a three-tier system of international regulation has taken shape.

The first tier is formed by a variety of unofficial associations of bourgeois scholars, public figures and politicians and representatives of the business world, primarily from the sphere of transnational business. These are the already well-known Trilateral Commission, Bilderberg Club and certain others. The task of such institutions is discussion and the formulation of a position and practical recommendations on the most pertinent problems of the present-day capitalist world.

At the second level are intergovernmental economic organizations: the GATT, the IMF, the International Bank of Reconstruction and Development (it is now customary to call it the World Bank) and its branches--the International Finance Corporation and the International Development Association--the OECD and the IEA. Their highest bodies are made up of representatives of the participating countries of ministerial rank, while the executive machinery consists of top businessmen, bankers and economists.

Finally, the third level are the annual meetings of the heads of state and government of the leading industrially developed capitalist states,\* which set themselves the pretentious goal of formulating the key, strategic guidelines which will determine the basic trends of the evolution of the economic system of capitalism.

The institution of meetings of leaders of the main capitalist states is regarded in the West as a new form of international economic regulation--the concordance (coordination) of national economic policies. The international economic organizations, each operating in its own sphere, are confined to supervision of the implementation by the state authorities of the member countries of the actions prescribed for them by international rules, that is, intervention in certain situations in the course of spontaneous processes or, on the contrary, their refraining from forms of intervention in the operation of market mechanisms which these rules prohibit. As far as the heads of state and government are concerned, they attempt at their meetings to jointly determine a common economic policy ensuing from the actual situation and also to coordinate the line of behavior of individual participating countries.

The political economy essence of the three-tier structure of interstate regulation consists of a combination of the economic might of a cosmopolitan financial oligarchy and the power of political compulsion of the bourgeois states for the purpose of consolidating monopoly control over the world capitalist economy and policy. Furthermore, there has been a limitation of the number of participants in the "club of the select" whose hands hold the levers of such control inasmuch as only the seven main capitalist countries--the United States, Canada, Great Britain, the FRG, France, Italy and Japan--are represented at the summit meetings. This is the most privileged upper stratum in the hierarchical pyramid of imperialist domination. Washington's persistent attempt to restore its position of hegemon in the capitalist world may be observed currently.

#### Expansion of the Sphere

In the 1970's bourgeois economists posed the problem of the need together with regulation of the foreign economic relations of the capitalist countries also

\* The first such meeting was held in 1975 in Rambouillet; subsequent meetings were held in 1976 in San Juan (Puerto Rico); in 1977 in London; in 1978 in Bonn; in 1979 in Tokyo; in 1980 in Venice; and in 1981 in Ottawa. Meeting in 1982 in Versailles, the leaders of the main Western countries initiated a second round of their meetings, which was continued by meetings in May 1983 in Williamsburg (United States) and in June 1984 in London. The latter meeting of the Seven will be commented upon in a coming issue of the journal.

for the international concordance of their domestic economic policy. Reflecting such trends, J. Polak writes: "Although some attention has been paid to the coordination of currency policy and currency exchange rates, the central focus of the problem of coordinating economic policy is, without any doubt, coordination of macroeconomic regulation in general and policy in the sphere of regulation of demand in particular."\*

The need for the international concordance of the domestic economic policies of the leading capitalist states is substantiated by an endeavor, first, to contribute to an easing of the troubles of the national economies themselves and, second, to adjust the functioning of the international economic mechanism.

The introduction of the interstate coordination of national economic policies was a reaction to the depth and seriousness of the economic crisis of the mid-1970's, which were unprecedented throughout the period since the end of World War II. The interdependence of the state of economic conditions in different countries was revealed increasingly distinctly here. A report of the United States' Atlantic Council published in 1977 observed that the industrially developed countries "must endeavor with the help of regular consultations and collective economic analysis to seek the compatibility of their individual economic goals and tasks pertaining to economic growth, employment, pricing procedure, interest rates and other elements of the monetary mechanism and also to a balance of international payments."

The idea of maintaining the stable economic growth of the economies by means of the concordance of the economic policies of individual countries permeates all the declarations of meetings of leaders of the main capitalist states. At the Williamsburg meeting this idea was formulated thus: "We confirm that our goals are the achievement of a growth of income and employment not giving rise to inflation and also assistance to the stability of the currency markets by way of national economic policies which will provide for the greater concordance of the economies (of the participating countries--D.S.) in their progress toward the accomplishment of these goals."\*\*

Another group of arguments in support of the international coordination of domestic economic policy ensues from considerations of a foreign economic, particularly currency-finance, nature. The point being that, following the turbulent economic upheavals of the 1970's, the notion came to predominate in the West according to which equilibrium of the balances of payments cannot be achieved, foreign trade cannot be liberalized and international currency relations cannot be regulated primarily owing to the disorganized state of the capitalist countries' economy. It is expressed in the growth of inflation, the increased distinctions in the rate of increase of price levels, the sharp fluctuations in economic conditions, the nonconcurrence of phases of the economic cycle and the mass transfers of capital from one country to another brought about by the difference in interest rates. Whence the appeals against putting "the cart before the horse" and for attempts initially to concertedly

\* J.J. Polak, "Coordination of National Economic Policies," New York, 1981 p 9.

\*\* IMF SURVEY, 13 June 1983, p 171.

bring order to bear in the domestic economy of the capitalist countries themselves. If this is successful, many bourgeois economists believe, the incentives for the imposition of trade restrictions will disappear, currency exchange rates will stabilize of their own accord and new commercial and currency systems will take shape naturally.

A similar macroeconomic approach (in contrast to the narrow currency approach), pretending to breadth of envelopment, to problems of world economic relations is reflected in the activity of the IMF and the decisions of the annual meetings of leaders of the seven main capitalist states. The dependence of the "recovery" of international economic, primarily currency, relations on the joint regulation of the national economies was emphasized in the declaration of the Bonn meeting: "Stable currency exchange rates can be achieved only by embarking in earnest on a solution of the fundamental problems which contributed to the formation of the present big balance of payments deficits and surpluses."\* This proposition was also reflected in the document entitled "Joint Exposition of International Currency Obligations," which was adopted at the "big seven" meeting in Versailles. It confirms, inter alia: "We recognize that increased stability of the world currency system depends mainly on the mutual concordance of policies aimed at reducing inflation, increasing employment, a resumption of economic growth and thereby the preservation of the domestic and foreign value of our monetary units."\*\*

#### Shift in Priorities

In the process of the present revision of the Western concept of regulation of the world capitalist economy changes have been discerned in the degree of priority significance of certain targets of this regulation. I refer to the sharply increased attention to the problem of providing the economy with material resources--energy and raw material--whose availability conditions the very possibility of the realization of production. This is connected with the increased dependence of the industrially developed capitalist countries on imports of such resources from abroad and also with the growing recognition in the West of the limited and finite nature of the natural reserves of a number of most important types of energy and industrial mineral raw material. A report of the Club of Rome entitled "Revision of the International Order" observed in this connection: "The danger of the depletion of natural resources and also OPEC's actions have made raw material in general and finite resources in particular of paramount importance in international negotiations."\*\*\*

Upon enumeration of the economic problems which will confront the West with particular seriousness in the 1980's the declaration of the meeting of leaders of the main capitalist states which was held in Venice put in first place "prices of energy resources and supply thereof." "If we cannot solve the problem of providing energy, we will not succeed in tackling other problems also," the participants in the meeting declared.

\* IMF SURVEY, 31 July 1978, p 237.

\*\* Ibid., 21 June 1982, p 189.

\*\*\* J. Tinbergen, "Revision of the International Order," Moscow, 1980, p 58.

The imperialist states' attempts to achieve dependable supplies of energy and other raw material are being made in two main areas. One is the policy of guaranteeing uninterrupted supplies of energy and raw material resources from the developing countries and also of preserving the exploiter conditions of economic exchange with these countries. Reliable access to sources of energy and raw material is now considered a most important condition of the West's "survival".

The leaders of the "big seven" states are putting considerable pressure on the oil-exporting countries. Thus the Versailles declaration speaks of "the strengthening of our (the seven countries--D.S.) capacity for reacting to disruptions in supplies" of energy resources, which sounds like a poorly concealed threat to the oil-producing countries.

The second path is the industrially developed capitalist states' achievement of independence of oil and raw material imports by means of the structural reorganization of their economies. A pronouncement by the Dutch economist P. Odell is typical of this orientation of bourgeois economic thought: "The key to the correct approach... consists of an essential reorganization of our economy and society to reduce to a minimum the present dependence on oil imports from the OPEC countries and in the longer term a resolve to end this dependence completely by way of searching for and developing our own substantial oil and gas reserves."\* The corresponding strategic aim of the leading developed capitalist countries was recorded in the following proposition of the declaration of the Rambouillet meeting: "The growth of the world economy is undoubtedly connected with the search for new energy sources.... Our common interests demand that we continue cooperation for the purpose of easing our dependence on imported energy by way of the preservation and development of alternative energy sources."

In the course of the Bonn meeting of the Seven the aim of the industrially developed capitalist countries in the direction of reduced dependence on oil imports was expressed in quantitative parameters. The United States and the EEC countries announced their plans to lower the ratio of the increase in the consumption of energy raw material to the increase in the GNP to 0.8 by 1985. The intention of securing by the end of the 1980's a further reduction in this ratio to an average of 0.6 for the countries of the Seven was expressed at the Venice meeting. Simultaneously a set goal was that of ensuring that by 1990 overall oil consumption in the seven countries be far less than the level of the end of the preceding decade and the proportion of liquid fuel in the overall demand for energy resources be reduced from 53 percent to roughly 40 percent.

At the Williamsburg meeting, which took place in a period of a certain surplus of liquid fuel on the world capitalist market which had arisen to a considerable extent as a result of the profound economic crisis, the leaders of the participating countries deemed it necessary to state: "We agree that the

---

\* THE WORLD TODAY, July 1975, p 282.

lowering of oil prices in no way diminishes the importance and urgency of efforts aimed at saving energy and creating economical alternative energy sources...." Whence it can be seen how consistent is the orientation of the main Western countries toward a reduction in the proportion of oil imported from abroad.

#### Modification of Forms

A certain reinterpretation is under way in the West in the current situation of the role of spontaneous factors and the purposeful activity of the bourgeois states in the world capitalist economy. Whereas in the 1950's-1960's hopes for the salvation of capitalism were linked there mainly with state intervention in the functioning of the private capitalist economic mechanism, now definite hopes have once again come to be placed in the automatic, market fine tuning of the latter. This trend reflects the crisis of the Keynesian model of state-monopoly regulation in the 1970's. The reaction to the failures of Keynesianism were the counteroffensive of the militant neoconservative ideology counterposed to it, the strengthening of the monetarist wing of bourgeois economic thought and the appearance of so-called "supply-side" theory.

The spread in the capitalist world of kinds of antistatist sentiments was realized in certain conceptual principles adopted jointly by the ruling circles of the main Western states and also in a number of changes in the system of international economic regulation which have been implemented as of the mid-1970's.

The significance of the market factor as a counterweight to state intervention in the capitalist countries' domestic economic relations is persistently emphasized in the declarations of meetings of the "big seven," particularly those which have been held since the assumption of office in the United States of the R. Reagan administration. Thus the concluding statement of the participants in the Williamsburg meeting notes its authors' intention "to rely on market indicators as a guide for rational economic decision-making" and to contribute to "the increased flexibility and open nature of economies and financial markets."

The summit meetings of the main Western countries now employ the entire standard set of postulates aimed at narrowing the sphere of state maneuvering which are advanced by the supporters of the monetarist school and the "supply-side" concept. These include "the shift of resources from the sphere of government consumption to the private sector" (Venice); a "reduction in state borrowing" and "small and steady growth of the money supply" (Ottawa); a "circumspect credit-monetary policy" and "stricter control over budget deficits" (Versailles); and a reduction in "structural budget deficits, particularly by limiting the growth of spending," the "disciplined noninflationary growth of the monetary units and securing the interest rates corresponding thereto" and "assisting an increase in the profitability level and the increased volume of industrial capital investments" (Williamsburg). As far as tax-budget incentives and administrative measures are concerned, they, as the participants in the Venice meeting declared, "should complement the effect of market forces."



Trends toward a limitation of state intervention are also being manifested in modifications to the mechanism of international economic relations. Under the conditions of growing international economic equalization and a certain leveling of the market competitiveness of the main capitalist countries these countries' ruling circles have adopted a policy of standardization of customs-tariff conditions and the formulation of forms and rules of the use of a variety of nontariff barriers common for all states.

The latest stage of negotiations of the GATT participants on trade liberalization, which came to be called the Tokyo Round, occurred in the period 1973-1979. As a result an understanding was reached concerning a stage-by-stage (over a period of 8 years, beginning 1980) reduction in customs tariffs on imported commodities. This is intended to lower the average level of customs imposts on imports in the industrially developed capitalist countries by approximately 33 percent--from 7.2 to 4.9 percent. Codes of agreements were also drawn up limiting the use of nontariff trade barriers. Simultaneously measures are being adopted aimed at removing restrictions in the sphere of the export and importation of capital.

Decisions were adopted in 1976 in Kingston (Jamaica) concerning a reorganization of the capitalist world's currency system. The Jamaica Agreement (it officially came into effect on 1 April 1978), first, contains provisions providing for liquidation of the function of gold as the basis for the determination of the value parities of a unit of SDR and national currencies, abolition of the official gold price and the lifting of state control over the gold market. Second, the agreement signifies legalization of the system of "floating" currency exchange rates, that is, fluctuating under the impact of the correlation of market supply and demand, which had been operating since 1973. Furthermore, the sharp expansion of the use and increased intermediary role in international monetary settlements of the private Eurocurrency markets should be noted.

The said changes in the international economic arrangement truly afford greater scope than before for the action of the spontaneous, market forces of the world capitalist economy. This is how the Swedish economist A. Lindbeck evaluates this: "...The internationalization of the credit markets and the integration of the governments on these markets as permanent creditors and debtors, as, equally, the increased role of market forces in the determination of currency exchange rates, mean that government actions are being coordinated to an increasingly great extent rather by the 'invisible hand of the market' than ...the visible hand of government bodies. Obvious examples of this are the flexible currency exchange rates and the recycling of so-called oil deficits via the medium of the private markets."\*

It has to be said, however, that the reorganization which is currently under way in no way means the capitalist states' renunciation of influence on domestic

\* "U.S.-European Monetary Relations," ed. S.I. Katz, Washington, 1979, p 229.

economic processes or, equally, a halt to state regulation of the world economic sphere. This is confirmed by, inter alia, an analysis of the present practice of the determination of currency exchange rates.

We would note that, first of all, many countries are maintaining, as before, the attachment of their currencies to some value standard. The very "floating" of the leading capitalist currencies, including the dollar, is by no means completely free: the central banks and state authorities are constantly intervening in currency market transactions, which makes this "floating" "dirty," as they say in the West. The Jamaica Agreement, further, presupposes that state intervention in private currency deals should be systematically and mutually coordinated between the main countries. The IMF makes it incumbent on state authorities of member countries to intervene in the currency market, where necessary, the purpose being to counteract a "disorderly state" of this market brought about by "chaotic short-term fluctuations" of the currency exchange rate.\* Finally, the plan for currency reform adopted by the capitalist countries envisages the prospect of the establishment in the future, given a "more propitious" state of the world economy, of a system of "stable, but controlled parities."

Thus the current evolution of the concept and mechanism of international economic regulation in the West in reality amounts to a certain modification of the conditions and forms of state intervention in private economic relations and a change in the international "rules of the game". In the domestic economy sphere this modification consists of a shifting of the accent from budget-taxation and administrative incentive methods to restrictive credit-monetary regulation.

The adjustment of the "rules of behavior" in the sphere of international economic relations consists on the one hand of the lifting of certain obligations of the state authorities to unfailingly intervene in private transactions (for the sake, for example, of keeping the market exchange rate of a currency within narrow limits in relation to the official parity and maintaining the market price of gold at the established level). On the other, there is an extension of the list of situations in which they, on the contrary, should not take any action (for example, should not prevent a rise or fall in the currency exchange rate when this is caused by a change in "deep-lying economic and financial conditions," should not raise customs tariffs on this commodity or the other above the comparatively reduced levels now being determined by the GATT participants, not impose certain forms of barriers to imports of commodities and capital from other countries and so forth).

The said changes in the correlation of market effects in the world economic sphere and state influence on this sphere were brought about by the international monopolies' endeavor to rid themselves of a number of limitations holding back their expansion and also their growing claims to assume directly the exercise of certain regulatory functions on the scale of the entire world capitalist economy. However, in any event, present-day capitalism cannot fully return to private monopoly regulation of the world economy.

\* See "Annual Report of the Executive Directors for the Fiscal Year Ended April 30, 1977," IMF, Washington, 1977, p 108.



## Countries and International Institutions: Contradictory Trends

Under current conditions sentiments are being manifested in the West in support of a limitation of centralized, collective economic regulation by interstate institutions, and correspondingly, a shift of the center of gravity toward the independent, autonomous "adaptive" responses of national state authorities. In practice such trends have been expressed in a certain weakening of the "imperative" nature of international regulation in respect of individual countries.

The participating countries' obligations to the international organizations have now been formulated in a number of instances in a more general declarative and vague form and are accompanied by many reservations and exceptions. In place of the specific quantitative indicators, a change in which would automatically be followed by the state authorities' adoption of concerted practical measures, empty, allegedly "analytical" criteria are being introduced which provide grounds merely for rendering this opinion or the other. Such a situation affords an opportunity for various interpretations of such circumstances and affords the countries relatively more freedom for adopting their own decisions.

Studying the new phenomena in the evolution of the international economic system, the prominent Western scholars F. Hirsch and M. Doyle reach the following conclusion: "The international economy will evidently represent in the 1980's a considerably more relaxed process compared with the international procedure determined... by the original IMF statutes and the GATT provisions. It may be assumed that this system will prove less rigid in many respects: exceptions will abound in such spheres as the currency system, customs unions, free trade zones and association membership agreements and it will also contain special privileged provisions pertaining to the developing countries and domestic (referring to the Western countries--D.S.) producers suffering inordinate losses."\*

Bourgeois authors evaluate variously the reduction in the degree of rigidity of international economic regulation. Some who remain loyal to the Keynesian persuasion condemn this trend and insist on the need for increased multilateral regulation of the West's economy. "The events of the past decade have demonstrated the tremendous importance of the international concordance of macroeconomic policy...", F. Bergsten, for example, declares. "There is an acute need ...for new technology which would make it possible to undertake more effective macroeconomic coordination on a permanent basis.... An incapacity for progress in this direction is fraught with the risk of huge losses for all countries. The failure of such a policy... could prove a tragic chapter in the world economy of the 1980's."\*\*

The idea of coordination of the courses of the main capitalist countries' economic policy is supported by a number of West European statesmen and public

\* F. Hirsch, M.W. Doyle, E.L. Morse, "Alternatives to Monetary Disorder," New York, 1977, p 55.

\*\* "From Rambouillet to Versailles: A Symposium," Princeton (New Jersey), 1982, pp 5, 6, 7.

figures, primarily from the ranks of social democratic parties. The basis of this are the hopes they entertain (and experience shows that they are illusory) of the possibility of to some extent limiting with the aid of such coordination Washington's tyranny in world economic affairs. At the same time, however, American "Atlantists" are also zealously campaigning for international coordination. But they, on the other hand, aspire to use it to enhance the hegemonist role of the United States in the Western world, emphasizing the military-political aspects of joint actions here.

It was not fortuitous that at the time of the preparation and convening of the Williamsburg meeting the American representatives proposed the formation of a permanent body of the Seven within whose framework there would be regular meetings of the economy and finance ministers.

Other Western theorists, particularly those caught up to this extent or the other in the wave of neoconservatism, discern an unacceptable "collectivist" principle in centralized regulation. For this reason signs of an erosion of certain aspects of this regulation evoke in them a sympathetic response. Thus F. Hirsch and M. Doyle write: "A certain limited relaxation should in no event be considered unconditionally undesirable. It may be seen as a natural reaction to the earlier trend, which was most apparent in the 1960's, toward economic integration, which far outpaced the political trend, thereby forcing countries to make nonoptimum choices of economic policy courses. A certain controlled de-integration of the world economy would seem a justified goal for the 1980's and could prove the most realistic path toward the establishment of a moderate international economic order."\*

The supporters of world economic "de-integration" consider the institution of interstate regulation insufficiently effective and at the same time too burdensome for the capitalist countries. Some of them counterpose to it the "constancy" of the domestic economic policy of Western states and a renunciation of attempts to actively influence current economic conditions, which is substantiated in the tenets of modern monetarism.\*\* Others, while maintaining a certain connection with Keynesian tradition, put forward the method of national adaptation as a natural, from their viewpoint, alternative to the international coordination of economic policies. By this is understood the purposeful use by the state authorities of individual countries of this national instrument of economic policy or the other pursued by them for the purpose of removing nonequilibrium situations arising in their countries within the framework of the current rules of international organizations.

\* F. Hirsch, M.W. Doyle, E.L. Morse, Op. cit., p 55.

\*\* Here is the opinion of the American economist S. Kohlhagen, typical of this approach: "It is difficult to agree with... the opinion... that concordance of the macroeconomic policies of the industrially developed countries serves as the main condition of the achievement of world currency stability.... Concordance of policies is potentially connected with too great costs.... A prescription which is not inordinately costly and at the same time highly effective is the pursuit of a stable, confidence-inspiring policy.... In order to achieve a greater degree of stability of currency exchange rates it is entirely unnecessary to sacrifice political or economic sovereignty.... If each country simply began to pursue a policy recognized as realistic and consistent, market 'surprises' would be rarer, uncertainty less and fluctuations not so strong" ("From Rambouillet to Versailles: A Symposium," pp 22, 26).

A hostile attitude toward the practice of interstate economic regulation is very widespread in R. Reagan's entourage. This is explained by the endeavor of U.S. ruling circles not to link themselves with any specific economic commitments to their partners and to preserve the possibility of the use against them of a variety of instruments of competitive struggle. Sentiments in support of a certain easing of the rigidity of centralized regulation are also being manifested in circles of rightwing bourgeois governments of West European states and Japan. However, their motives for this are different--they amount to hopes of reducing by way of the use of protective national means the damage done to them by the unchecked expansion of the American monopolies and Washington's egotistic actions.

Establishment of the practice of concordance of the national economic policies of the main capitalist states by way of annual top-level meetings stands in opposition to a weakening of the categorical nature of certain statutory provisions of international economic organizations in the West. How are these two forms of international economic regulation correlated?

Characterizing the method of coordination of the economic policy courses, J. Polak writes: "'Coordination' is regarded here as a relatively weak form of international influence on national policies. It is something middling between on the one hand the purely national formation of policy and, on the other, the determination thereof within a framework outlined by international rules and supervision exercised by international organizations."\*

Indeed, in the plane of strictness of the restrictions imposed by the regulatory mechanism on individual countries and the degree of automatism with which the latter subordinate themselves to these organizations the institution of the concordance of national economic policies in its present form gives way in principle before the international organizations. At the same time, however, the annual top-level meetings of the Seven are characterized by features which the international organizations lack: broader envelopment of spheres of economic life; the presence of the conditions for a comprehensive approach to economic problems; a higher level of competence; and the possibility together with the elaboration of general economic strategy of the adoption of specific, current decisions. All this is grounds for considering them ultimately as a more far-reaching instrument of interstate regulation than the "rules of the game" of the international organizations.

In evaluating the trends of the long-term evolution of the mechanism of international economic regulation in the capitalist world let us dwell on such an important process in the sphere of world currency-finance relations as the movement toward the internationalization of international liquid resources and the formation of a collective reserve currency. The new IMF statutes record the aim of converting the SDR into "the principal reserve assets of the international currency system"\*\*\* as an alternative to gold, as also to the dollar and also other national currencies which play the part

\* J.J. Polak, Op. cit., p 3.

\*\* See "Proposed Second Amendment to the Articles of Agreement of the IMF," IMF, Washington, 1976, pp 141, 275.

of reserve and payments medium. Realization of this aim would be connected with the gradual transformation of the IMF into a central bank type of institution regulating the volume and structure of the international money supply.

Under the conditions of the present economic and currency upheavals in the West and the sharp exacerbation of contradictions between imperialist states the reorganization of the sum total of international assets by way of their standardization on the basis of a joint currency units is being accomplished extraordinarily slowly and inconsistently. However, the logic of the internationalization of economic life is constantly undermining the base conditions of national currencies' performance of the role of universal payments medium. For this reason it is necessary to proceed from the fact that an objective need for the introduction of elements of an internationally centralized mechanism in the system of international currency-finance relations will in one way or another constantly make itself felt.

The formation of a collective reserve and payments medium of the capitalist countries must inevitably be accompanied by a further expansion of the sphere and an increase in the competence of state-monopoly regulation. Whereas in the years between the wars this regulation was of a national and after World War II of an inter-nation nature, transition from the circulation of single-country reserve currencies to the extensive use of a collective payments medium of the capitalist states would require it to be raised to an even higher, supranational level.

The interests of the international financial oligarchy demand a further intensification of control on the part of interstate institutions over a number of spheres of the capitalist economy. The serious economic disorders arising in the soil of the spontaneous functioning of the world market are stimulating a search for new, more effective means of international state-monopoly regulation which would afford additional opportunities for an easing of the acute problems confronting capitalism.

#### The Underlying Class Cause

The leaders of the leading capitalist countries cite as the principal goals of the interstate regulation of world economic processes in the declarations of the joint meetings the organization of a "constructive dialogue" between countries, the establishment of "effective international coordination," "mutual concordance of economic strategy," "assistance to global development" and so forth. However, in reality this regulation is aimed at undermining the economic and political positions of the socialist community states, essentially representing the economic aspect of the joint policy of the world imperialist forces.

In the modern era, when the world socialist system has come to exert a determining influence on the course of historical development, the trend of the substitution for the confrontation of coalitions of imperialist states characteristic of the first four decades of the 20th century of a global class counterrevolutionary strategy of world imperialism has been discerned

distinctly. "The security of our countries is indivisible, and this question has to be approached from global positions," the leaders of the seven main capitalist countries proclaimed at the Williamsburg meeting. "Global strategy" is designed to rally the imperialist states and neutralize mutual rivalry between them.

U.S. ruling circles have succeeded, as a whole, in getting from the leaders of West European countries and also Japan support for their present militarist foreign policy line. Thus the participants in the meeting of heads of state and government in Ottawa issued a "political statement" sustained in an anti-Soviet spirit. They attempted in this document to shift responsibility for the exacerbation of the situation in the world onto the Soviet Union, groundlessly ascribing to it actions "incompatible with a display of restraint and responsibility in international affairs." Referring to the mythical "buildup of Soviet military might," they declared their intention to create their own "strong defense potential," that is, add a new twist to the arms race spiral.

An even more provocative statement on military-political issues was adopted in Williamsburg. Contrary to the commonly known facts, it accused the Soviet Union of attempts "to evade serious negotiations" on limiting and reducing nuclear arms. The participants in the meeting confirmed NATO's decision to deploy American medium-range nuclear missiles in West Europe.

The top-level meetings of the main Western countries are used to coordinate economic policy in respect of the socialist states. As of the start of the 1980's here Washington has insistently foisted on its allies a policy of freezing economic cooperation with the socialist community. Under pressure from U.S. President R. Reagan the concluding document of the Ottawa meeting declared the need for the Seven's "coordination of action" to ensure that "in the sphere of East-West relations... economic policy be compatible with political goals and the goals of maintaining the security" of these countries. The statement of the participants in the following meeting (Versailles) pointed to their intention (confirmed in Williamsburg and London) "to work jointly on improving the international system of control of exports of strategic commodities" to the socialist countries and also to display "commercial prudence in limiting the amount of export credit" granted these countries. Thus a trend toward the interweaving of international economic regulation with the concordance of the joint foreign policy and military goals of the imperialist states is emerging.

Another aspect of the global strategy of the world imperialist forces is the fact that this strategy stands in opposition to the developing countries and is attempting to impede the further deepening of the national liberation movement and is aimed at preserving the system of neocolonialist exploitation. The basis of the concept elaborated by the leaders of the main capitalist states is the proposition concerning the economic interdependence and, consequently, concurrence of interests of the industrially developed West on the one hand and the developing world on the other. The conclusion is drawn from this assertion on the need for "better mutual understanding" and "close cooperation" in a spirit of "mutual interests, mutual respect and mutual benefit" between the two groups of countries.



The declarations of the meetings of the "big seven" are full of a variety of promises to the emergent countries. However, the true purpose of the imperialist states' flirting with these countries can be seen merely in the fact that they are demanding from them as payment for the so-called "aid" that they orient themselves toward private enterprise, create "favorable conditions" for the importation of private capital and provide "reliable guarantees of foreign capital investments," in other words, open their doors to the imperialist monopolies. All this testifies that the annual top-level meetings of the main capitalist states serve, apart from anything else, as an instrument of collective neocolonialism.

With the aid of interstate regulation the ruling circles of the leading Western countries are setting themselves the task of ensuring the conflict-free, "harmonious" functioning of the economic mechanism of the capitalist world. It is assumed that this regulation will contribute to the prevention of crisis breakdowns in the economy and the forestalling of the inflation process. It is also aimed at easing the contradictions of the world capitalist economy and streamlining economic contacts between Western countries. And ultimately the goal being pursued is that of consolidation of the capitalist exploitation of the working class by the monopoly bourgeoisie and suppression of the intensifying anti-imperialist struggle in the citadels of the capitalist world.

Finally, the formation of the system of state-monopoly regulation of international economic relations reflects the endeavor of the ruling elite of the imperialist states to facilitate the process of the reallocation of sales markets and spheres of economic influence between countries, the need for which is arising as the correlation of forces in the capitalist world changes, and to impart to this process a "controlled" nature of a certain extent. Under current conditions the imperialist states will not permit conflicts to grow into mutual wars. For this reason the "mechanism" of the restoration of equilibrium between the new balance of forces and the old allocation of markets and spheres of economic exploitation in the capitalist world which operated earlier is now malfunctioning. Its place is being occupied to a certain extent by the system of interstate economic regulation.

It is not, of course, a question of the creation of some mechanism or the other for the realization of concerted direct economic and, even less, territorial redivisions of the world between imperialist states, national monopoly capital or the international monopolies. Interstate regulation is designed to ease the competitive struggle for sales markets and spheres of economic exploitation, the arena of which now is the entire nonsocialist world, and to establish a framework and kind of "moral code" of this struggle and ensure that it is observed by the rival countries.

It follows from what has been said that the organization of interstate economic regulation essentially represents an attempt to counteract the processes which constitute the content of the law discovered by V.I. Lenin of the uneven nature of the economic and political development of the capitalist countries. However, ultimately the objective economic regularities will prove stronger than the subjective aspirations of the leaders of the capitalist states. The CPSU Central Committee report to the 26th party congress says: "It may be seen

as distinctly as can be how little state regulation of the capitalist economy is helping." This fundamental proposition also applies in full to the regulation of world economic processes.

The insufficient fruitfulness of interstate regulation of the world capitalist economy is predetermined by the predominant spontaneity of its functioning and the effect of deep-lying antagonistic contradictions. The effectiveness of this regulation is also reduced as a result of the acute interimperialist rivalry, which is a permanent element of economic and political relations in the capitalist world. The ineradicable conflict of interests is leading in practice to international regulation resulting at every step in serious confrontation between the main power centers of modern imperialism.\*

Thus world imperialism's attempts to formulate a coordinated, interlinked economic and political strategy are not producing sufficient results. Many bourgeois scholars and also public figures of the West also are having to recognize this. Thus a report of the U.S. Atlantic Council published in 1980 evaluates the results of the meetings of heads of state and government of the leading capitalist countries as follows: "...The efforts made in the 1970's to jointly determine economic goals and pursue a concerted international policy of adaptation have not matched expectations."

The bourgeois concept of international economic regulation in the ideological plane stands opposed to Marxist-Leninist theory of world social development, which regards capitalism as a society devoid of a future. The course of events is convincingly confirming the soundness and viability of Marxism-Leninism. It is testifying that the efforts being made by the ruling circles of the leading Western countries to coordinate their actions are not leading to the desired results. They are proving incapable of halting this historical offensive of the world revolutionary forces and also overcoming the anarchic nature of capitalist production, doing away with the struggle of the monopolies for sales markets and spheres of influence and surmounting the intensifying contradictions between imperialist states.

COPYRIGHT: Izdatel'stvo "Pravda". "Mirovaya ekonomika i mezhdunarodnyye otnosheniya". 1984

8850

CSO: 1816/11

---

\* Contradictions between imperialist states in the basic spheres are characterized in detail in MEMO No 7, 1982, pp 33-36, 39-47.



## MAJOR INTERNATIONAL EVENTS MARCH-JUNE 1984 SURVEYED

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 7,  
Jul 84 pp 69-88

[V. Avakov, Ye. Volkova, Yu. Oleshchuk roundup: "Current Problems of World Politics"]

[Text] This spring had its own distinctive marks. On 9 May it was 40 years since the end of the war. Europe has lived in peace for almost four decades. Our planet has been without world wars for almost 40 years. The Soviet people's victory over fascism was the greatest exploit and giant service of socialism to mankind. Currently the inspiring example of the building of society of justice, freedom and the friendship of the peoples in the countries of real socialism and the socialist peace-loving foreign policy are determining to an increasingly great extent the planet's appearance in the historical confrontation with the forces of reaction and imperialism.

### 1. With Confident Stride Along the Path of Socialist Creation

People's hopes for a strengthening of peace and the removal of the threat of war are now linked with the Soviet Union's struggle for mankind's vital interests. Our country's latest achievements on the path of building the new society are an important contribution to this struggle. As the Central Statistical Administration reported, industrial workers fulfilled the plan for the first quarter of 1984 in respect of output sales, labor productivity growth and the manufacture of the majority of most important types of product. The increase in total industrial output compared with the corresponding period of last year constituted 4.9 percent. Labor productivity increased 4.6 percent against a planned 3.4 percent. Some 96 percent of the increase in production was obtained thanks to increased labor productivity. The planned volume of the production of the majority of consumer goods was achieved. The production of 800 new products was assimilated.

The labor collectives of industry developed extensive socialist competition for the fulfillment and overfulfillment of the plan quotas of 1984, an above-plan labor productivity increase of 1 percent and an additional 0.5-percent reduction in prime production costs.

A CPSU Central Committee plenum and the 11th USSR Supreme Soviet First Session were held in April. They discussed questions of the Soviet society's further

development. The Supreme Soviet elected the USSR Supreme Soviet Presidium and formed the Council of Ministers--the country's government. The news that K.U. Chernenko, general secretary of the CPSU Central Committee, had been elected chairman of the USSR Supreme Soviet Presidium was received with satisfaction in the country and abroad.

A big place in the work of the plenum and the USSR Supreme Soviet session was occupied by problems of an improvement in the public education system. The report on these questions was delivered at the session by Deputy G.A. Aliyev, member of the CPSU Central Committee Politburo and first deputy chairman of the USSR Council of Ministers.

The decree "Basic Directions of the Reform of the General Educational and Vocational School," which was approved by the CPSU Central Committee plenum and the USSR Supreme Soviet, was adopted in accordance with the report. "The huge tasks of the end of the present and start of the coming century," it says, "will be tackled by those who today sit at the school desk. They will have to continue the cause of the Great October and they will have the responsibility for the historical destiny of the country and the all-around progress of society and its successful advance along the path of communist building."

The CPSU sees it as its task to raise, as K.U. Chernenko emphasized, "youth which is able not only to assimilate the experience of older generations but also to enrich it with its own accomplishments."

The attention which the Communist Party pays to the labor training of the younger generation is not fortuitous. The economic tasks confronting the Soviet national economy are huge in their scale and significance. Some of them were dealt with at an all-union economic conference on problems of the agrarian-industrial complex which was held in March. The main place in its work was occupied by questions of implementation of the Food Program, which is a most important component of the party's economic strategy at the current stage. The food problem in both the economic and political planes is the central problem in the current decade. A report at the conference was delivered by M.S. Gorbachev, member of the CPSU Central Committee Politburo and secretary of the CPSU Central Committee. The speeches of K.U. Chernenko at the CPSU Central Committee February (1984) Plenum and at the meeting with workers of the Central Committee machinery (6 March), he observed, emphasized particularly that the accomplishment of the tasks confronting the country dictates the need for an enhanced level of party leadership.

Life makes high demands primarily on the primary party organizations, which constitute the political nucleus of the labor collectives. How fully the possibilities afforded the Soviet economy by party and government decisions will be used will largely depend on their assertiveness and initiative.

The reports and elections in the party organizations which culminated in March confirmed once again the tremendous significance which is attached to questions of an improvement in the methods and style of party leadership. The party's successes can be seen here also. The report and election campaign, the CPSU Central Committee decree "Basic Results of the Reports and Elections in the Party and the Tasks of the Party Organizations" observes, was an important sociopolitical event in the life of the party and the country. It was a good school for the training of communists and an enhancement of the vanguard role in society.

The decree observed with satisfaction that more efficiency, organization and plan conformity had been displayed recently in the activity of the party committees. At the same time it drew attention to the fact that there has yet to be a fundamental improvement in the work style of many organizations. Often party committees, operating by force of inertia, abuse the adoption of numerous decrees and the holding of an unjustifiably large number of meetings and sessions, exercise inadequate supervision of the fulfillment of decisions and frequently duplicate soviet and economic-planning authorities.

The CPSU Central Committee, the decree emphasizes, considers it necessary that the collective discussion of urgent problems of our development which took place in the course of the reports and elections be used to the maximum for a further stimulation of intraparty life. This is particularly important now, when the party is entering the period of direct preparations for its 27th congress.

Tremendous significance for an improvement in the forms and methods of party, state and social life is attached to the development and adoption of a most important ideological-theoretical and political document of the party--its program. A session of the CPSU Central Committee Commission for Preparation of the New Edition of the CPSU Program was held on 25 April. A speech was delivered at the session by K.U. Chernenko, chairman of the commission. Speaking of the central questions connected with the nature and content of the new edition of the programs, he emphasized, in particular: "The main thing is to proceed from a clear understanding of the degree of socioeconomic maturity of the new society which we have achieved. Party documents of recent years have drawn the fundamentally important conclusion that we are at the start of a historically long period--the stage of developed socialism. This determines the essence of the current and long-term tasks of the party and the Soviet people. Under current conditions our program must be one of an improvement of developed socialism, in line with which the gradual advance toward communism occurs."

The work of the commission and the speech of K.U. Chernenko testify that our party is embarking on work on a realistic, long-term program of peace and creation, whose framework is not confined to the present century. "The program," K.U. Chernenko emphasized, "expresses our selfless devotion to the cause of peace and our endeavor jointly with the other fraternal parties of the socialist community countries to prevent nuclear catastrophe."

An atmosphere of peaceful creation permeates the life of all the socialist community countries. In the present 5-year plan their efforts are concentrated on the accomplishment of complex and large-scale tasks to transfer the economy onto an intensive path of development and increase social production efficiency. And, as the results of economic building last year show, the quotas outlined by the party congresses are being fulfilled successfully. In 1983 the national income of the CEMA countries increased 3.2 percent as a whole compared with 1982, industrial production increased 4.2 percent and agricultural production, according to preliminary data, increased 3 percent. The population's income and retail commodity turnover grew.

The results of activity in the first quarter of the present year also attest the dynamic, stable development of the socialist countries' economy. In Czechoslovakia, for example, industrial production in the 3 months increased 4.9 percent compared with the same period of last year, which was considerably above the planned quota. GDR workers achieved good results. The increase in national income constituted 5 percent, industrial output 7.3 percent and labor productivity 6.3 percent. New frontiers in the economy have also been reached in Bulgaria, Romania, Cuba, Vietnam and other states of the community.

All aspects of the fraternal peoples' social life are marked by high moral-political enthusiasm. The Republic of Cuba celebrated a big holiday in April--the 23d anniversary of the proclamation of the socialist character of the Cuban revolution and the rout of the American mercenaries at the Bay of Pigs. The elections to the local organs of people's power which coincided with this holiday demonstrated the ideological maturity of the millions of working people and their readiness by their labor to score new successes in socialist building and defend the country against hostile encroachments on the part of U.S. reactionary forces.

A national conference of the Bulgarian Communist Party was held in Bulgaria in March, which adopted "Long-Term Program of the Party for an Improvement in Quality," which outlines the basic stages of work in this sphere for the long term in a number of sectors up to the year 2000. The conference paid great attention to questions of a further improvement in socialist social relations in production.

An all-Polish conference was held in March of delegates to the Ninth Special Polish United Workers Party [PZPR] Congress, which examined questions of the internal situation and Poland's foreign policy relations. The report at the conference was delivered by W. Jaruzelski, first secretary of the PZPR Central Committee and chairman of the Polish Council of Ministers. The worst is past, the most difficult lies ahead--thus in general form did the leader of the party of Polish communists characterize the situation in the country. The conference set the communists and all working people of Poland important tasks: halting inflation, ensuring economic balance, making full use of production capacity and raising industrial production and national income to the 1979 level and then surpassing it.

The conference paid great attention to an analysis of the international significance of the events in Poland and to exposing the subversive activity of reactionary Western circles. Concerning imperialist intentions in respect of Poland, W. Jaruzelski emphasized: "The plan to use Poland as the first link in a chain reaction which was to have led to the destruction of the postwar territorial-political order in Europe and subsequently to a change in Poland's borders fell through."

At the same time enemies both within the country and, particularly, outside cannot be underestimated. Imperialist circles headed by the R. Reagan administration cannot reconcile themselves to the failure of the counterrevolutionary attempts in Poland. Following the stalled frontal attack on socialism, they have switched to tactics of the so-called long march maneuver, the essence of which was set forth at the end of last year by the "well-known specialist" on Poland Z. Brzezinski: "The goal is liberation, the strategy erosion." And, further: "Only a strategy of the erosion, softening and transformation of the ruling group... and infiltration of the regime is possible."

While noting the importance of various conditions and factors for overcoming the internal difficulties and obstacles created for the Polish state from outside, W. Jaruzelski emphasized particularly the significance of the assistance rendered Poland by the fraternal countries, primarily the USSR. "Poland today is not alone," he said. "It is and will remain an integral part of the socialist community. Our border is its border. Today the alliance of our party and state with the CPSU and the Soviet Union is of even greater significance. It is the dependable, internationalist and international basis of our sovereignty. This alliance is and will remain the guarantor of socialist Poland's state existence."

## 2. Strong Through Unity

Life and long practice convincingly show that the more acute the confrontation of the new and the old worlds, the greater the significance which is attached to the cohesion and unity of the fraternal countries and their cooperation in all spheres of social life. The tasks of their further strengthening and development are constantly at the center of attention of the CPSU's foreign policy activity.

A working visit was paid to the USSR 4-5 May 1984 by W. Jaruzelski. Questions of the internal situation in the USSR and Poland and the state and prospects of the development of Soviet-Polish relations were examined and the present international situation was analyzed at the talks between the leaders of the two countries.

A long-term program of the development of economic and scientific-technical cooperation between the USSR and Poland up to the year 2000 was signed in the course of the visit. The program raises the two countries' cooperation to a new level, setting the task of the efficient use to mutual advantage of the production and intellectual potential which has been created in the socialist countries and a combination of efforts in the arterial directions of

scientific-technical progress. This is the key to an upsurge of social labor productivity and well-being, the rational use of resources and reliable defense against the intrigues of imperialism, which is endeavoring to use economic levers to put pressure on the socialist countries.

Problems of economic cooperation occupied an important place in the talks between G.V. Romanov, member of the Politburo and secretary of the Central Committee of the CPSU, with G. Husak, general secretary of the CPCz Central Committee and president of the CSSR, and other Czechoslovak leaders during his friendly visit to Czechoslovakia in May.

Soviet-Hungarian relations are developing in businesslike manner and in a spirit of complete mutual understanding. The visit to Hungary on 17-18 April 1984 of A.A. Gromyko, member of the CPSU Central Committee Politburo, first deputy chairman of the USSR Council of Ministers and USSR foreign minister, was new impetus to the continued deepening thereof. At A.A. Gromyko's negotiations with J. Kadar, first secretary of the Hungarian Socialist Workers Party Central Committee, and other Hungarian leaders great attention was paid to questions of the foreign policy activity of the socialist countries and problems of world politics. During the exchange of opinions on international issues the sides expressed their concern at the sharp exacerbation of the situation in the world and the increased threat of war. The U.S. Administration, it was emphasized during the negotiations, which together with its NATO allies is pursuing the goal of securing military superiority for itself and, relying on force, dictating its practices, bears full responsibility for this dangerous turn of events.

An increasingly important role in this plane is assigned, together with West Europe, Asia, particularly the Far East region, to which, in particular, Washington's encouragement of the militarist trends in Japan and also the plans for the creation in the Far East of a military-strategic "triangle" composed of the United States, Japan and South Korea testify. The danger of such a development of events was pointed out during A.A. Gromyko's talks with M. Dugersuren, member of the Mongolian People's Revolutionary Party Central Committee and MPR foreign minister, who paid a friendly visit to the USSR 27-29 March.

DPRK President Kim Il-song, general secretary of the Korean Workers Party Central Committee, led a DPRK party-government delegation on an official friendly visit to the USSR in May. In the course of the top-level Soviet-Korean negotiations the sides, having analyzed the entire complex of bilateral relations, noted with satisfaction their progressive development. The two countries' relations are becoming broader and deeper in various spheres of party, state, economic and social life. The USSR and the DPRK will continue to contribute in every possible way to the development of these relations on the basis of the principles of Marxism-Leninism and socialist internationalism, equality and mutual consideration of one another's interests.

Particular attention was paid at the negotiations to the situation on the Korean peninsula, which remains unsettled and tense as a consequence of the presence of American forces in South Korea, which has lasted for approximately four



decades now. In the course of talks with the Korean leaders K.U. Chernenko declared the Soviet Union's support for the struggle of the Korean Workers Party, the DPRK Government and the entire Korean people for Korea's peaceful democratic reunification without any outside interference.

The aggressive plans of American imperialism in respect of the Far East are of great concern to both countries. U.S. ruling circles are endeavoring by any means to expand their positions here and are actively enlisting their Far East partners in the adventurist policy which they are pursuing. The USSR and the DPRK, the participants in the negotiations emphasized, in conjunction with other socialist and peace-loving states, will continue to unswervingly pursue a policy of peace and international security and firm rebuff of the aggressive aspirations of imperialism. It was stated on the Korean side that the Korean Workers Party and the government of the republic actively support the just position of and the measures adopted by the CPSU and the Soviet Government in the interests of an easing of international tension and removal of the danger of an outbreak of a new world war and express firm solidarity with the Soviet people in their struggle for their realization.

T. Zhivkov, general secretary of the Bulgarian Communist Party Central Committee and chairman of the Bulgarian State Council, who had arrived for the opening of the Bulgarian national exhibition in honor of the 40th anniversary of the socialist revolution in Bulgaria, was in Moscow on 31 May on a brief friendly visit. Talks were held between K.U. Chernenko and T. Zhivkov, during which the leaders of the two parties and states noted the extensive and dynamic development of Soviet-Bulgarian relations in all spheres. Both leaders confirmed the unswerving aspiration of the USSR and Bulgaria to contribute in every possible way to a further consolidation of the unity and cohesion of the socialist community and an improvement in the coordination of the action of the fraternal socialist countries.

The great significance of the impending top-level economic meeting of CEMA states was emphasized.

The tasks confronting the socialist states' foreign policy in the present international situation were at the center of attention of the talks between J. Kadar and L. Strougal, member of the CPCz Central Committee Presidium and CSSR Government chairman, during his visit to Hungary (March); the Hungarian leaders' meeting with W. Stoph, member of the SED Central Committee Politburo and chairman of the GDR Council of Ministers, in Budapest (March); during the visit to the CSSR to M. Spiljak, chairman of the Socialist Federal Republic of Yugoslavia Presidium; at the Polish-Bulgarian negotiations in Warsaw during T. Zhivkov's visit to Poland (April); and during Kim Il-song's visit to Poland, the GDR and the CSSR.

A meeting of the Warsaw Pact Foreign Ministers Committee was held 19-20 April 1984 in Budapest. The ministers thoroughly examined questions connected with the situation in Europe in the context of the overall international atmosphere. The meeting emphasized the Warsaw Pact states' belief that an improvement in the situation and a return to the relaxation of tension require a serious and equal dialogue, imbued with a sense of responsibility, between states on fundamental questions of the preservation and strengthening of peace.



A consultative meeting of Warsaw Pact deputy foreign ministers was held 3-4 May in Warsaw. It discussed questions connected with the resumption on 8 May in Stockholm of the Conference on Confidence-Building Measures, Security and Disarmament in Europe.

The 30th session of the CEMA Committee for Scientific-Technical Cooperation was held 21-23 March in Prague. The committee examined questions concerning the elaboration of a comprehensive program of the CEMA countries' scientific-technical progress for the long term.

Questions of realization of the plan for the accelerated development of science and technology in the Republic of Cuba up to 1990 and also fulfillment of the program of the development of the MPR's scientific-experimental base for this same period were discussed in addition.

Under the conditions of the serious exacerbation of the international situation even greater significance is attached to the fraternal countries' military-policy cooperation. The joint command-staff exercise of the allied armies and navies codenamed "Soyuz-84" which was conducted in March on the territory of Bulgaria, Hungary and Romania and in the southwestern parts of the Soviet Union and the waters of the Black Sea contributed to the further improvement of the forms of such cooperation and the strengthening of the combat community of the fraternal armies.

Problems of military-political cooperation were also discussed during visits to the USSR of a GDR delegation headed by Gen H. Hoffman, member of the SED Central Committee Politburo and minister of national defense of the GDR (March); General of Arms F. Siwicki, candidate of the PZPR Central Committee Politburo and Polish minister of national defense (April); and Army Gen L. Czinege, member of the Hungarian Socialist Workers Party Central Committee and Hungarian defense minister. The permanent significance of the socialist states' collective efforts to strengthen the Warsaw Pact, which serves as a reliable shield in the struggle to prevent a nuclear war and for the peaceful future of mankind, was noted in the course of these meetings.

### 3. China: At the Forefront and Behind the Scenes of Policy

The Sixth All-China Assembly of People's Representatives Second Session was held in May. The report on the work of the government was delivered by Zhao Ziyang, premier of the PRC State Council. He dwelt particularly on the "open doors" policy, emphasizing the need to "take a big step forward" in attracting foreign capital to the Chinese economy. It is planned for this purpose to stimulate the activity of foreign business in the existing four special economic regions and give access to foreign businessmen in 14 coastal port cities.

A visit to the DPRK of Hu Yaobang, general secretary of the CCP Central Committee, took place in May, in the course of which questions of bilateral relations and the world situation were discussed.

The Chinese press continues to pay attention to the state of Soviet-Chinese relations and the PRC's position at the negotiations with the USSR. In particular, in an interview on 6 March Wan Li, deputy premier of the State Council, declared the Chinese side's desire to improve relations with the USSR on the basis of the five principles of peaceful coexistence. Wan Li emphasized that the fourth round of Soviet-Chinese consultations could lead to certain progress, but China, in his words, "will insist on the removal of three big obstacles," by which, as is known, Beijing means discussion of questions of the Soviet Union's relations with third countries.

Vietnamese-Chinese relations have remained tense--through the fault of the PRC. Beginning 28 April 1984, Chinese forces, violating several sections of the border of the Socialist Republic of Vietnam, have invaded its territory and captured a number of heights. China's present military provocations on the border with Vietnam are the biggest since the aggression against Vietnam in February 1979.

Official representatives, the press and public organizations of many countries have condemned the Chinese side's actions. A TASS statement emphasized that the Vietnamese Government had repeatedly proposed to the PRC leadership the start of serious, businesslike negotiations for a peaceful settlement of contentious problems. It has reportedly expressed a readiness to conclude a nonaggression treaty between Vietnam and the PRC. Such a path, and not military confrontation, would best correspond to the interests of the Chinese and Vietnamese peoples and the interests of peace and security in Asia.

PRC policy in respect of Kampuchea is causing the progressive world community serious concern. Interpreting the situation in this country from well-known anti-Vietnamese, anti-Soviet positions, China is essentially demanding a halt to the struggle against the Pol Pot bands, which with outside support are preventing the Kampuchean people building a new life, and attempting to interfere in the relations of Kampuchea and Vietnam.

China's actions are also impeding a normalization of the situation in Afghanistan. As NCNA reported, in an interview given to editors of the magazine READERS DIGEST (United States) and the magazine ASIAWEEK, which is published in Hong Kong, PRC Foreign Minister Wu Xueqian confirmed that China is rendering the Afghan basmaks, whom he called "freedom fighters," not only "political and moral support" but also "other assistance".

The leaders of a number of leading Western powers visited China in the period in question. Japanese Prime Minister Y. Nakasone was here at the end of March. As foreign correspondents covering the visit observed, the top-level Japanese-Chinese negotiations began with anti-Soviet declarations of both sides distorting the USSR's policy in Asia and the Far East. According to an NCNA report, Zhao Ziyang, premier of the PRC State Council, declared: "We understand Japan's concern in respect of the increase in the number of Soviet SS-20 missiles in Asia." He went on to assert that the threat to China's security "emanates from the Soviet Union."

Judging by the speeches of the participants in the Beijing negotiations, they passed over in silence the USSR's proposal for discussion on a practical plane of the question of confidence-building in the Far East. The Chinese statements ignored the fact that the Soviet Union implemented measures to strengthen its defense capability in response to the unchecked buildup of their military potential by the United States, Japan and South Korea.

Further steps were taken in the course of the Nakasone visit to expand economic relations between China and Japan. In implementing a program of the country's "modernization" the Chinese leadership is counting on financial-economic assistance on the part of the capitalist states, particularly Japan and the United States, and is pursuing an "open doors" policy for this purpose. It was reported that the Japanese prime minister announced his consent to granting China long-term loans totaling approximately \$2 billion. Commenting on the report, the Beijing newspaper CHINA DAILY observed that total Japanese credit to the PRC had already reached almost \$4 billion. This makes Japan China's biggest creditor. The Chinese side supported an expansion of its market for Japanese companies wishing to invest in the PRC economy. Even now Japan is one of China's leading trading partners. The volume of bilateral trade was in excess of \$10 billion last year, which constitutes one-fourth of the PRC's foreign trade.

Analyzing the reasons for such assertiveness on the part of the Japanese Government and its financial-economic "generosity" in respect of China, the organ of the ruling Japanese-Democratic Party, the newspaper JIYU SHIMPO, observed that the negotiations in Beijing were used by the guests to involve the PRC in the military-strategic Japanese-American alliance, prepare the soil for China's gradual integration in the economic structure of the Western world and create obstacles in the way of a normalization of Sino-Soviet relations. Before flying to Beijing, the Japanese prime minister had emphasized that his visit would be taking place immediately prior to Reagan's China trip and would thereby prepare the basis for successful continuation of the American-Chinese dialogue.

U.S. President R. Reagan's visit to China took place 26 April-1 May. As observed in American press articles and commentaries on the eve of and during the visit, Reagan aspired in making the trip to Beijing to enlist the PRC more actively in the United States--Japan--South Korea military-strategic "triangle" being knocked together by the United States in the Far East, taking advantage of Beijing's policy in Southeast Asia. Simultaneously, in the opinion of the U.S. mass media, this trip was of a strikingly expressed election show nature.

The U.S. President attempted in every possible way to impart a provocative anti-Soviet thrust to the negotiations and, particularly, his public speeches. It is significant that at the negotiations the Chinese leaders assessed the world situation by equating the imperialist, militarist policy of the United States and the peace-loving, essentially antiwar policy of the socialist community countries. Furthermore, in the words of an American representative, Deng Xiaoping declared that "China is not opposed to the U.S. arms buildup. It has always supported these measures of the United States."

Judging by the reports, the leaders of the PRC and the United States also discussed in detail Soviet-Chinese relations. The Beijing leadership again repeated its demand concerning the need for the Soviet Union's removal of the so-called "three big obstacles," which concern, as is known, the Soviet Union's cooperation with Afghanistan, Vietnam, Kampuchea and Mongolia.

It was stressed repeatedly in the course of the Sino-American negotiations that China and the United States have common views on a number of international problems. The sides supported, in particular, here a continuation of all-around support for the Afghan and Khmer counterrevolutions. During discussion of the situation on the Korean peninsula the PRC State Council premier, according to press reports, did not demand the withdrawal of American forces from South Korea, which is an indispensable condition of a solution of the Korean question. Concerning the situation in Central America, the head of the Chinese Government confined himself to the statement that "China does not approve of certain U.S. actions in this region," saying nothing about American imperialism's aggression against Grenada, the undeclared war against Nicaragua and the escalation of threats against Cuba. It is significant that Reagan's visit coincided with Beijing's exacerbation of tension on the Sino-Vietnamese border.

The information media's attention was also drawn to the report that questions of the sale of American weapons to China were also discussed in the course of the visit. According to American press reports, it is a question of, in particular, antitank and air defense missiles.

A big place in Reagan's talks with the Chinese leaders was occupied by questions of bilateral economic relations. In numerous speeches the President was unrelenting in his praise of the Chinese leaders for the fact that "they have resolved to open their doors wider to the West."

The agreement on cooperation in the sphere of taxation which was signed in the course of the visit is designed to create exceptionally favorable conditions for American businessmen in China. An agreement was also initialed on cooperation in the sphere of the use of nuclear energy providing for the sale of American technology for the PRC's nuclear power engineering. In addition, a protocol on cultural cooperation was signed within whose framework it is planned, in particular, to establish extensive relations between Voice of America and Beijing Radio.

Simultaneously with Reagan's visit to the PRC representatives of the U.S. Administration in Washington unofficially, but by no means shying away from publicity, were conducting negotiations with agents of the Taiwan regime, promising them increased assistance, military included. In the 1985 fiscal year the United States promises to grant Taiwan loans totaling \$760 million. The volume of the United States' trade with Taiwan in 1983 amounted to \$16 billion (\$4 billion with the PRC). Some time ago Washington announced its decision to sell Taiwan a new consignment of modern weapons and equipment, mainly for the air force, worth \$87 million. Thus while stimulating its relations with the PRC Washington is at the same time continuing to adhere to a "two Chinas" policy.

#### 4. Responsibility for the Fate of Mankind

"It is difficult to cite a problem of importance for the strengthening of peace," K.U. Chernenko emphasized in a speech to the electorate, "in respect of which the Soviet Union and other socialist countries have not presented specific, realistic proposals in recent years." Indeed, our country and the fraternal states are displaying exceptional energy, persistence and consistency, seeking the accomplishment of the fundamental task currently confronting mankind--warding off the threat of thermonuclear war hanging over it and ensuring the planet's peaceful future.

Particular significance in this plane is attached to the set of new large-scale initiatives put forward by K.U. Chernenko on 2 March. The proposals contained in the Soviet leaders' speech for the subordination of relations between powers possessing nuclear weapons to certain rules and principles and also a specific action program by adherence to which the nuclear states could step by step, on the basis of the principle of equal security, strive for the complete liquidation of all types of nuclear arms had extensive repercussions throughout the world.

The recent period has shown that the USSR's new peace initiatives correspond to the fundamental aspirations of all our planet's peace-loving forces. Attesting to this, in particular, is the declaration disseminated at the end of May in the United Nations of the heads of state and government of six states--Argentina, Greece, India, Mexico, Tanzania and Sweden (they were in fact joined by Finland)--in which they appeal to the nuclear powers to halt the further buildup of nuclear weapons, freeze nuclear arsenals and embark immediately on appreciable reductions therein. The proposals contained in the declaration of states representing various parts of the world largely echo the six-point program put forward by the USSR and proceed in the same direction as our country's peace initiatives, which were confirmed anew in the Soviet Government statement issued on 2 May.

At the start of March the world's attention was attracted to one further constructive initiative of the USSR and its Warsaw Pact allies. They addressed the NATO countries with a proposal for a start on negotiations on the question of no increase and a reduction in military spending, in which other countries, primarily those with big military potential, could participate. The importance and timeliness of this initiative are obvious. After all, according to certain estimates, mankind is currently spending over \$1 billion daily on the arms race. Yet, according to estimates of the International Food Policy Research Institute, it would be sufficient to allocate \$12 billion to cope with the food shortage in the developing countries, that is, a small part of the resources spent on military preparations.

A further major step in the increase of European and general security was the Warsaw Pact states' appeal to members of the North Atlantic bloc concerning the conclusion of a treaty on the mutual nonuse of military forces and the preservation of peaceful relations (of 7 May 1984). The essence of the proposal is that the Warsaw Pact and NATO states undertake on a reciprocal basis and in treaty form not to be the first to use either nuclear or

conventional arms against one another and, consequently, not to be the first to use against one another military force in general. The conclusions of such a treaty could effectively assist the recovery of the situation in Europe and exert a salutary influence on the entire international atmosphere. This would correspond to the hopes of the peoples, who expect specific solutions in the interests of peace and security.

The socialist states' new initiatives were put forward on the eve of the opening of the second session of the Stockholm Conference on Confidence-Building Measures and Security and Disarmament in Europe (which resumed on 8 May), which creates a sound basis for real steps in support of peace at this forum.

An important contribution to the prevention of war could be made by a curbing of the arms race in the seas and oceans. Together with some of its allies the United States has turned a number of areas of the oceans into centers of tension, having concentrated large-scale arms, nuclear included, here. American warships ply the waters of the Mediterranean and Persian Gulf and the Atlantic and Pacific. While Washington has turned the Indian Ocean, which is a great distance from the United States, into a strategic forces' forward basing area. One-two attack carriers, 2-3 nuclear submarines and ships carrying marines cruise there permanently. The island of Diego Garcia serves as a key military base. Furthermore, the Pentagon has secured for itself access to military facilities in Somalia, Kenya and Oman. It is now attempting to acquire new bases in Pakistan, Bangladesh and Sri Lanka.

A result of the militarist assertiveness of the United States in ocean waters is the increase in tension where American naval forces penetrate. Proceeding from this, the USSR proposes a set of measures aimed at limiting naval activity and naval arms. The corresponding proposal is contained in a letter from A.A. Gromyko to the UN secretary general, which was disseminated in April.

Considering the tremendous threat to peace which the transfer of the arms race to space, on which the United States is about to embark, represents, the USSR and the other socialist countries advocate the adoption of urgent measures to prevent the militarization of space. The need for this has been stressed repeatedly in K.U. Chernenko's speeches in recent months. In response to an appeal from the American scientists R. Garvin and C. Sagan he declared: "It is our belief that a policy aimed at reliably protecting space from the deployment of weapons there should be an obligatory rule of states' conduct and a generally recognized international obligation." And, as is known, the Soviet Union has already assumed such an obligation, having announced a unilateral moratorium on putting any types of antisatellite weapon in space as long as other states also refrain from this.

Consistently pursuing a course of continuation of detente policy and the development of good-neighborly relations between states belonging to different social systems, the USSR and the other socialist states attach great significance to the preservation of East-West dialogue. The calendar of Soviet leaders' meetings and talks with politicians of the capitalist countries in the past months look packed. The subjects discussed at the talks were, naturally, most varied, but one question invariably occupied a central place--the fate of peace and detente and the removal of the threat of war.



In mid-March Moscow was visited by H.-J. Vogel, a leader of the SPD and chairman of the social democratic Bundestag faction. In the course of the conversation with him K.U. Chernenko emphasized the continuity of the domestic and foreign policy of the CPSU and the Soviet state. He noted the existence of significant possibilities for the development of mutually profitable cooperation between the USSR and the FRG in various spheres, if they are not undermined but taken care of. A considerable part here is played by the FRG's position on the question of nuclear weapons on its territory. We cannot fail to reckon with the fact that the conversion of the FRG into a forward nuclear beachhead of the United States is a real threat to the security of the USSR and its allies and we draw the appropriate conclusions from this, the Soviet leader emphasized.

Italian Foreign Minister G. Andreotti visited the USSR at the end of April. The sides paid the main attention at the talks to the situation which has taken shape in Europe following the start of deployment on the territory of certain West European countries, including Italy, of the new American missiles. The Soviet leaders pointed to the fact that such a development of events increases the military danger considerably and makes the task of a return of relations between states to the channel of detente even more urgent. The joint statement adopted at the end of the talks recorded the proximity of both countries' positions on a whole number of important international problems. A long-term program of the extension of economic, industrial and technical cooperation between the two countries up to 1990 and also letters on the extension to 1990 of two current agreements in this sphere were signed in the course of the visit.

Graphic evidence of what results of cooperation may be achieved by states belonging to different socioeconomic systems when they construct their relations on the basis of mutual trust and consideration of one another's interests are Soviet-Finnish relations. As practice shows, these relations, which are based on the firm foundation of the friendship, cooperation and mutual assistance treaty, are not subject to market fluctuations and are distinguished by stability and a large-scale character. Finnish President M. Koivisto's visit to Moscow in April lent new impetus to the development of the fruitful cooperation between the two countries.

At the invitation of the USSR Supreme Soviet Presidium King of Spain Juan Carlos I and Queen Sophia and also a delegation of the Senate of Spain's General Cortes headed by Senate President J.F. de Carvajal paid an official visit to Moscow in May. Both visits afforded an opportunity for a wide-ranging and constructive exchange of opinions on important directions for the development of the international situation and the prospects of relations between the two countries. The Soviet side received with gratitude Juan Carlos' words to the effect that Spain not only believes in the possibility of but considers essential the mutually profitable cooperation of states with different social systems based on an understanding of one another's interests, trust and mutual respect. During the meeting between K.U. Chernenko and J.F. de Carvajal the head of the Spanish parliamentary delegation presented the leader of the party and the Soviet state with the "Medal of the Senate of Spain's General Cortes". This award is conferred on heads of state for outstanding services, primarily in the defense of peace.



A detailed and frank exchange of opinions on the current international situation and the atmosphere in Europe following the appearance here of new American first-strike missiles took place in the course of the visit to Moscow by H.-D. Genscher, deputy federal chancellor and FRG foreign minister. The Soviet side pointed out plainly that the FRG Government also bore its share of responsibility for this development. In the conversation with H.-D. Genscher K.U. Chernenko confirmed the invariability of the USSR's policy of securing peace, curbing the arms race and preventing a nuclear catastrophe. At the same time he stressed that if the United States and NATO increase the nuclear threat, the USSR and its allies will adopt adequate military measures. They will not permit military superiority over them.

This was declared once again by Marshal of the Soviet Union D.F. Ustinov, member of the CPSU Central Committee Politburo and USSR defense minister, answering a TASS correspondent's questions. Having taken the path of deployment of its missiles in Europe, he pointed out, the United States has upset the military balance and created an additional nuclear threat to the Soviet Union and its allies. Has the security of the FRG, Britain and Italy really strengthened as a result of the deployment of American missiles in these countries? On the contrary, their security has diminished. The threat to the United States itself has also increased, D.F. Ustinov reported that in connection with the continued buildup of American Pershing 2's on FRG territory being undertaken currently our country, in concordance with the GDR leadership, has deployed on its territory tactical missiles of enhanced range in addition to those which had been deployed there earlier. The USSR defense minister warned that given a subsequent growth of the American nuclear potential in Europe, the Soviet Union would increase the number of SS-20 missiles on the European continent accordingly. The defense of the land of soviets was, is and will remain firm. Firm for the sake of lasting peace in the world.

##### 5. In the Labyrinth of Contradictions

Against the background of the stable, dynamic development of the socialist community countries the situation in the capitalist world appears as a system of contrast. "As of 1970 the world economy has not had time to right itself from one crisis before the next has befallen it," a report of the not unknown Trilateral Commission which met in April in Washington emphasized. It hardly needs to be said that by "world economy" the authors of the report mean the capitalist economy.

In the recent period the majority of capitalist countries attempted unsuccessfully, as before, to extricate themselves from the recession, which has lasted many years. This applies primarily to the EEC, which unites 10 of the most developed states of the Western part of the continent. Despite a certain recovery of business conditions, a number of key industrial sectors of the EEC countries--ferrous metallurgy, coal, shipbuilding, textiles and garment--are in a state of profound crisis. According to Western economists' most optimistic forecasts, the maximum that the Common Market states will be able to achieve in 1984 is a GNP growth of 1-1.5 percent. But even this modest prospect is questioned by many specialists.

There are more than sufficient grounds for skepticism. The feeling of uncertainty is caused primarily by the state of the American economy. Until recently the latter served as a kind of "locomotive," pulling the economies of other capitalist countries out of the crisis. But it is coping inadequately with this role now. In addition, the recovery of economic conditions in the United States itself is based, authoritative specialists believe, on a very shaky foundation: the main engines of growth have been the recovery of consumer demand as a result of the reduced rate of inflation and military orders, whereas for a more or less stable upturn an increase in capital investments in the traditional sectors, which account for the overwhelming proportion of industrial output, is required. The high interest rates on bank credit (they again rose from 11 percent in March to 12 percent in April) are the main factor curbing the growth of investments in the civilian sector of the economy. Economists are also being made anxious by the huge budget and trade deficits. Both are largely the result of the unchecked arms race, which is taking increasingly new capital and resources from the production sphere. As a report of the American Council for Economic Priorities emphasized, "the Reagan administration's policy of the development of military production is leading to an undermining of competitiveness of American goods."

The capitalist states' ruling circles are attempting to find a way out of the economic difficulties by way of coordination of their actions. They are also being prompted to this by the growing interweaving and interdependence of economic relations. Numerous meetings, colloquia and conferences are being held at the most varied levels, new bodies within whose framework opinions are exchanged are being set up and the activity of those which have long been in existence is being galvanized and efforts are being made to formulate a common approach to the solution of this problem or the other. However, as a rule, the sole outcome of such meetings and conferences is essentially recognition of the existing difficulties and disagreements.

The European Council session 19-20 March in Brussels was no exception in this respect. It discussed two basic closely interconnected questions: changes in the community's agrarian policy (review of the so-called compensation payments and production quotas for certain types of agricultural products) and also determination of the amount of the compensation to be paid Great Britain, which is demanding a reduction in its contribution to the community budget.

A compromise had, seemingly, been reached on the first question. France, which at the preceding, Athens, session had refused to cut milk production (which led to the failure of the Athens session), on this occasion displayed a readiness to make concessions to its partners. But no sooner had the West European press breathed a sigh of relief in connection with the fact that matters were finally on the move than everything began to fall apart. Irish Prime Minister G. Fitzgerald quit the meeting before the end of the session, protesting against the plan to impose on the country a 13-percent reduction in the production of dairy products. But the final blow to the hopes in respect of some understanding being reached was struck by Great Britain. Heading the British delegation, Prime Minister M. Thatcher rejected one after the other the five compromise versions of a settlement of the disputes over the question of Great Britain's compensation which had been proposed by the other

participants. It had been promised a payment of \$850 million annually for 5 years. Thatcher demanded that the amount of compensation be raised to \$1.3 billion, threatening that if this demand were not satisfied, Great Britain would cease paying contributions to the community budget altogether. The deadlock at the negotiations in the sphere of financial policy made discussion of the other questions pointless. As a result--the failure of the whole meeting.

Evaluating the situation, the French LE MONDE wrote " "...Lacking sufficient resources for financing, in particular, one of its main programs--agriculture--the EEC is on the verge of bankruptcy." Certain bourgeois press organs see as the reason for the failure of the negotiations in Brussels and the deadlock in which the community has found itself the differences in the approach to the solution of the contradictions which exist therein and even a clash of different "economic philosophies". Thatcher, they believe, is endeavoring to impose on the remaining Common Market members the same "strict economies" policy which the Conservatives are practicing in Great Britain.

There is evidently some truth to such assertions. But this is not the main thing. The heart of the matter consists of the interimperialist contradictions permeating the relations of the capitalist countries. As V.I. Lenin wrote, "one imperialism is fighting another, one monopoly another and finance capital another." Interimperialist contradictions are, naturally, not confined to the Common Market framework. All the main "power centers" in the capitalist world are conducting a bitter struggle among themselves along the broad front of economic relations. THE TIMES describes the atmosphere which has evolved here as the "spontaneity of national egotisms."

Indeed, each rival operates by proceeding primarily from his own benefit. The United States, which is employing against competitors an entire set of resources, as far as "hitting below the belt," is behaving the most high-handedly here. It is precisely thus that we may evaluate the United States' pumping of financial resources from West Europe, which amounted in 1983 alone to approximately \$150 billion. Furthermore, according to estimates, if the present level of credit interest rates in the United States is maintained, the financial bleeding of the West European countries will in a few years amount to \$300 billion annually.

Trade relations between the United States, West Europe and Japan also continue to become exacerbated. Recently the R. Reagan administration struck a new blow at the ferrous metallurgy of the EEC countries, limiting imports to the United States of the special steels which they produce. Simultaneously a concentrated offensive by American agrobusiness on the West European market is unfolding. On the other hand, both the American and West European "power centers" are having to partially cede their positions under the pressure of the third "center"--Japan--which is the most dynamic of all. The Ten's deficit in trade turnover with Japan amounted last year to \$12 billion. There is also a negative balance--only of an even larger amount--in Japanese-American trade. In 1983 Japanese exports to the United States exceeded imports from there by almost \$20 billion.

The Japanese monopolies' powerful offensive against their American and West European competitors is leading to a further change in the correlation of forces among the three imperialist "centers". From 1975 through 1982 the EEC's share of the exports of the total finished products of the OECD countries declined from 56.7 to 53.2 percent, U.S. exports remained at the same level--17.5 percent--while Japan increased its share from 12.8 to 16.1 percent.

Endeavoring to strengthen its positions in the sharply aggravated competitive struggle, monopoly capital is moving to close down "unprofitable" enterprises and wind down entire sectors of industry and is "streamlining" production on a broad scale. This is leading to mass dismissals and a further growth of unemployment. In the countries of the same Common Market it has reached a "record" level: There were 12.9 million unemployed here at the start of the year or 11.5 percent of the active population. In the FRG the number of "superfluous people" constituted 9.4 percent, in France 9.9 percent, in Italy 13.1 percent and in Britain 12.3 percent. In the United States unemployment has been kept to 8 percent of the work force, which the Reagan administration without compunction declared an achievement. Such declarations sound insulting with respect to the approximately 9 million working people who cannot find earnings, and, furthermore, even according to official statistics, only approximately one-third of them are receiving benefits. According to official data, which usually embellish the true state of affairs, the United States now has up to 35 million persons with an income below the poverty level. This figure describes more eloquently than any words the essence and results of Reaganomics.

The policy being pursued by ruling circles of the capitalist states is jeopardizing not only the living standard but also many socioeconomic rights of the working people which they had won in long and persevering struggle. In the United States, Britain and a number of other countries the authorities have unleashed an offensive against the trade unions, attempting to roll back the workers movement to the times of "wild" capitalism. In Britain the M. Thatcher cabinet has already achieved the passage of a series of anti-union laws banning sympathy strikes and permitting the seizure of union funds. Parliament is discussing a bill banning strikes in key sectors of industry and also an employment bill, which is of a no less strikingly expressed anti-union thrust.

Such actions prove for the umpteenth time the falsity of bourgeois governments' claims to the role of "supraclass arbiter". It is not fortuitous that in recent years monopoly capital, sensing the constant support of the state, has developed a real offensive against the working people's vital interests. The economic situation is also facilitating monopoly pressure. Under the conditions of mass unemployment the threat of dismissal has become a sufficiently effective means for "disciplining" the working class and lowering its fighting assertiveness. As is known, in a number of countries the employers have succeeded in recent years in imposing on the unions a collective freeze on and even a reduction in wages. The monopolies are resorting to the threat of lockouts as a means of blackmail at negotiations. And such actions as the Ford Company's recent closure of its enterprises in River Rouge (France) and Sheffield (England) after the trade union had turned down an administration demand for its consent to a wage cut have become a typical phenomenon.

To suppress the worker and trade union movement the capitalist states' ruling circles have recently been taking advantage increasingly often of all kinds of rightwing extremist and avowedly profascist organizations and groupings. In some countries, primarily the FRG, they have become a pronounced political force. According to official data alone, the number of members of neo-Nazi organizations has risen to 22,000 here. Given the connivance and frequently the direct assistance of the authorities, the "brownshirts" are organizing their mob gatherings and provocations against progressive organizations.

However, in moving toward an exacerbation of class confrontation the bourgeoisie is not strengthening but, on the contrary, shaking the foundations of capitalism. The social tension of bourgeois society is growing, and the working people are rallying their ranks in response to the offensive of capital.

The first months of the present year were marked by an upsurge of the strike movement, which embraced many capitalist countries. One of the biggest strikes since the war began in Britain in March--a national strike by miners demanding cancellation of government plans to close 20 pits and dismiss 20,000 men. Many trade union associations expressing the interests of various detachments of the working class and also the Labor Party have declared their support for the miners' just struggle. The miners' union of neighboring France, which has prevented the shipment of French coal to Britain, has also expressed solidarity with it.

A general strike by French railroad workers began in May; they are demanding an improvement in work conditions and increased pay. Truckers and also workers at General Motors and McDonnell-Douglas enterprises struck in the United States in the spring. The Japanese working people's spring offensive began in April with a 24-hour strike by port workers. In Italy more than 1 million working people came to Rome from all parts of the country to emphatically protest against the intention to adopt an antiworker decree revising the sliding wage scale.

The strike movement has spread to countries in which previously, for this reason or the other, its level was relatively low. In the FRG, for example, the metal workers' and printers' unions initiated a broad campaign this spring for a reduction in the work week with retention of the wage, regarding this measure as a method of reducing unemployment. According to G. Meyer, leader of the metal workers' union, the country is faced with a strike struggle unprecedented in the FRG. Approximately 100,000 metal workers and auto workers were on strike in mid-May. A wave of strikes has also embraced neighboring Belgium. Metal workers, teachers, aircraft industry workers and dockers have failed to show up for work. The government plan for economic recovery, which envisages further sacrifices on the part of the working people, has been rejected by both the country's main trade union associations.

A significant feature of the present class demonstrations of the working people is the fact that the socioeconomic demands being put forward in the course of them are being combined with a protest against the arms race policy and the exacerbation of the international situation. Avert the threat of nuclear-war--such is the demand of the millions of people taking part in antiwar demonstrations and peace marches.

## 6. Policy of Madness

The present course of Washington and the actions of those supporting it cannot be described otherwise. With a persistence truly worthy of a better application the Reagan administration is attempting to steer the ship of world politics even closer to the reefs of global conflict. The worse, the better--such is the meaning of the arguments of official Washington representatives putting forward not only the false and wild but also extremely dangerous theory the basis of which is the well-known "if you wish for peace, prepare for war" formula. Behind it is a perfectly obvious calculation--achieving military superiority over the USSR and from these positions dictating its will to the rest of the world. As the magazine NEWSWEEK wrote, "the ideological group to which Reagan and some of his leading advisers belong is based on those who in the 1950's rejected the idea of 'containment'... and demanded that the purpose of U.S. foreign policy be to 'roll back' the Soviet Union and bring it to its knees." And so the resources of a huge country, which has at its disposal means of putting pressure on its allies, and deception of the public--everything has been cast into realization of a militarist policy of unprecedented scale.

However, it is becoming increasingly difficult for the Washington militarists to pursue a policy of madness, and they are being forced to maneuver, twist and turn and lie in attempts to impart to it a rational appearance. In fact the U.S. Administration is having to conduct a struggle on two fronts at the same time: against the peace forces outside of the country and people of good will and commonsense within.

The policy of the U.S. Administration in the recent period has also been pursued in this complex context. To speak of its actions, they testify as clearly as can be to the allegiance to a militarist credo. Whatever action one takes, the Leitmotiv is the same: arm, threaten and use force, seeking an "American solution" of any international problem. In other words, to again appear in the uniform of "world gendarme," which, incidentally, was beyond the capabilities of American imperialism several decades ago.

The administration has asked Congress for \$313 billion--a truly fabulous sum--for military spending in the 1985 fiscal year. And by the end of the present decade it is planned to have raised military spending to \$464 billion annually. It is planned to use these colossal resources for an unprecedented buildup of the military arsenal. Strategic MX and Midgetman missiles, submarine-launched Trident-2 missiles, the B-1 and Stealth bombers, an increase in the stockpiles of lethal chemical weapons, the creation of an antimissile "shield" in space--such is a far from complete list of what it is planned to acquire. Particular mention should be made of the Washington's strategists' "last word"--the plans to militarize space. Back on 6 January Reagan signed Directive 119, in accordance with which scientific research began on the creation of various weapons systems in space. And quite recently the White House published a special report on this question, from which it is evident that the Sram-Alter missile system designed to destroy satellites flying in low orbit is now being developed. In addition, antisatellite devices using guided energy beams, including lasers, are being designed. A new and most dangerous



channel of the arms race is thereby being opened. As the American HARPERS magazine wrote in this connection, "Reagan has let go the reins, and the arms race chariot has sped off in a new direction. The possibility of averting a world catastrophe is again in jeopardy, while the danger of the outbreak of nuclear war has increased in all directions."

Simultaneously with the arms race Washington is building up the arsenal of conventional weapons at an accelerated pace. In addition, inasmuch as the concentrated stockpiling of the nuclear arsenal is the cause of many people's anxiety in the United States and its allied countries, American leaders are beginning to discuss the possibility of putting greater emphasis on conventional arms, which, given their improvement and increased power, could assume the functions of nuclear arms, raising the threshold of the use of the latter. It was such an idea which was put forward recently by K. Adelman, director of the American Arms Control and Disarmament Agency, discussing the prospects of the creation of "smart" nonnuclear weapons. In addition to this, as is clear from Washington's official statements, the United States intends, under all circumstances, acquiring "chemical retaliation potential". The adoption of a \$10 billion chemical rearmament program was recently announced. According to the American press, the administration is "indoctrinating" the legislators, seeking Congress' speeded-up allocation of the \$1.1 billion it is demanding for the 1985 fiscal year within the framework of this program, of which the Pentagon plans to spend \$105 million on the production of binary stun warheads--a most lethal means of destruction. This, moreover, in addition to the United States' existing 3 million chemical warheads.

Not confirming itself to an unprecedented buildup of its own military arsenal, Washington is seeking the same from its allies, putting pressure on them in all directions. Throughout NATO's existence Washington has acted therein as the main "pusher" of joint arms, rearmament and additional armament programs. But U.S. pressure on its bloc partners has perhaps never been so high-handed and the demands so far-reaching. It is difficult to cite a meeting, conference or gathering of NATO leaders at which representatives of the United States have not attempted, resorting to arm-twisting of the allies at every step, to secure their unconditional participation in militarist preparations.

The NATO Council session at foreign minister level in Washington at the end of May-start of June, which was timed to coincide with the 35th anniversary of the creation of the North Atlantic alliance, was no exception to this rule. Its participants exerted considerable efforts to portray this organization as a "bastion of freedom," "instrument of peace" and so forth. However, the peace-loving declarations are in no way consonant with the session's decisions, which were adopted at Washington's dictation. As a TASS statement points out, the main proposition permeating the session's documents is that concerning reliance on military strength, its further buildup in every possible way and diktat in respect of other states.

Brandishing the bugbear of the "Soviet threat," U.S. leaders, including President Reagan himself, categorically demanded that the allies display "unity" and strictly observe the timetable for the deployment of American missiles in West Europe. Judging by the documents of the session, Washington managed to get



what it wanted: the majority of participants supported Washington's militarist course, thereby assuming responsibility for the further deterioration in the situation in Europe and throughout the world. However, the session did not get as far as "unanimity". It was significant that retiring NATO General Secretary J. Luns was forced to acknowledge in his speech in Washington the existence of disagreements and contradictions between participants in the bloc. In order to put an end to the "trouble" and restore "discipline" in Atlantic ranks the United States, in unison with some of its most zealous allies, put strong pressure on the countries which for this reason or the other are reluctant to unconditionally follow the militarist course of the U.S. Administration.

According to THE WASHINGTON POST, Holland and Italy were subjected to particularly "strong pressure" at the session. The first has long been displaying impermissible "refractoriness" in Washington's eyes in respect of the deployment of Tomahawks on its territory, and the second recently, albeit timidly, nonetheless expressed its doubts as to the need for the further deployment of "Euromissiles". As a result of the subsequent pressure, THE WASHINGTON POST wrote, Italy "was driven back into line, but the Dutch Government continues to occupy an uncertain position." After the Washington session had closed, the Dutch Government announced under the pressure of a truly nationwide protest against the Tomahawks being foisted on the country that it would defer making a final decision on the "missile" question until November 1985.

Denmark and Greece occupied a special position in respect of the propositions of the final communique which advertise the American proposals pertaining to the "Eurostrategic" missiles. Furthermore, the Greek foreign minister officially expressed disagreement with a number of points of the Washington declaration, particularly with the inventions as regards the USSR's policy in respect of Poland and Afghanistan. As at preceding NATO sessions, Spain's foreign minister reserved his government's position on all points of the communique. After the session in Washington had ended, F. Gonzalez, head of the Spanish Government, declared that Spain did not intend joining NATO's military organization, irrespective of the outcome of a national referendum on this question.

The world is now accustomed to militarism clothing its wolf's teeth in the sheep's clothing of a love of peace. But the verbal camouflage to which Washington is now resorting is still unusual in its scale and shamelessness. In recent months the U.S. Administration has been imitating no more, no less than a "peace offensive," attempting to create the impression that it is on a campaign for universal security and seeking good-neighborly relations with the USSR. Trick after trick, pretence after pretence, deception after deception are being activated for this purpose.

The most primitive methods amount to rhetoric. R. Reagan himself, Defense Secretary C. Weinberger and Secretary of State G. Shultz are vying with one another in the zeal with respect to peace-loving assurances. It has gone so far that the MX missile, which is fitted with 10 nuclear warheads, has been named the "peacekeeper" by the administration.

But words, of course, will hardly convince anybody. And then there are gestures. "Peace initiatives," "constructive ideas" and "proposals for negotiations with the USSR" are being put forward in quick succession. Some have even been elaborated with a claim to specification, which is designed to create the impression of a genuine seriousness of intent. Others have frankly been cobbled together any which way. An example of the first version of deception is the plan for the banning of chemical weapons which the United States submitted to the Geneva Disarmament Conference. It contains an abundance of details, and some naive person might think that the draft had in fact been submitted from honest motives. However, this impression is dissipated upon closer familiarization with it. The true purpose pursued by the compilers of the draft can be read between the lines. It consists not of an endeavor to do away with the chemical threat to peace but of a desire to carry out intelligence operations against the USSR. It was with good reason that THE WASHINGTON POST termed the plan "Reagan's poisoned olive branch."

There are more than sufficient examples of clumsy attempts at peacemaking. If only to take the administration's assurances that it is ready at any time and without any conditions to resume negotiations with the USSR on limiting intermediate-range nuclear weapons. It is clear to any commonsensical person that this is nothing more than hypocritically playing at being constructive since the Soviet Union, as its representatives have declared repeatedly, will resume negotiations in the event of a return to the situation which existed prior to deployment of the "Euromissiles".

None of these exertions in respect of throwing dust in people's eyes would in themselves deserve a mention were it not for one fact. They are a kind of barometer of the growing resistance which Washington's aggressive policy is encountering everywhere in the world, including the United States itself. And the stronger the opposition to the White House's militarist course, the greater the efforts it makes to deceive people and pass off black for white and a policy of war for a policy of peace.

However, the exercises in rhetoric are no longer having their former effect. As M. Shields, a commentator of THE WASHINGTON POST wrote, "the people are beginning to be afraid of Ronald Reagan as president." The same is attested by a poll conducted by the Yankelovich, Skelly and White research firm. According to the poll, "the overwhelming majority of Americans have considerable reservations in connection with the administration's policy in respect of the USSR." Some 63 percent believe that, in the event of Reagan's reelection, the danger of war will increase. And here are the results of another poll conducted by the Gallup Institute: approximately 70 percent of Americans are of the opinion that in the past 3 years the threat to peace, in spite of Reagan's assurances, has increased, and approximately 60 percent support a halt to the arms race. There is a growing awareness of the danger of unchecked militarism in Congress also. One indicator are the bills concerning a freezing of the arms race recently presented in both chambers. In the Senate the coauthors were such prominent figures as E. Kennedy, A. Cranston and D. Durenberger. In the House the bill was presented on behalf of 82 congressmen representing both parties. The mass antiwar movement, which is acquiring an increasingly aggressive nature, is strengthening. Approximately 4,000 antiwar organizations are operating in the country altogether. They include People

United To Save Humanity, the Nuclear Freeze Campaign and the Organization of Citizens for a Rational World. The municipalities of 370 cities and the authorities of 71 neighborhoods have as of the present expressed themselves in support of a freeze of nuclear arsenals.

The antiwar movement on the other side of the Atlantic--in West Europe--has assumed even bigger proportions. This indicates that there is growing understanding among the public of West European countries of the danger for the continent and the whole world which is created by the policy of the U.S. Administration and the governments of a number of other NATO countries which support its actions.

#### 7. Growing Counteraction to the Policy of Diktat

Important changes have occurred in the military and political situation in the Near East in recent months. Lebanon's cancellation of the fettering "peace agreement" imposed on it by Washington and Tel Aviv on 17 May 1983 and the hurried withdrawal from Beirut of the so-called Multinational Force, which had become an instrument of American armed interference in Lebanese affairs--such is the new turn of events in the Near East. As a result--the latest fiasco of the United States' Near East policy and a further failure of the policy pursued by Washington of separate deals and attempts to impose on the Arabs the American-Israeli diktat and unjust conditions of a Near East settlement.

From the very first day of the signing of the "peace agreement" the overwhelming majority of the Lebanese people opposed it, rightly seeing this document as an abasement of the national dignity of the Lebanese and an infringement of the country's sovereignty and independence. Under opposition pressure on 5 March the Lebanese Government at a special session chaired by President A. Gemayel made the decision to annul the agreement.

The cancellation of the "peace agreement" enabled the country's contending groupings to resume the dialogue. The second stage of the national reconciliation conference, in which the country's president, A. Gemayel, the leaders of the National Salvation Front, W. Jumblat, S. Franjeh and R. Karami, the leader of the Shi'ite Amal movement, N. Barri, and representatives of other political and religious groupings participated, was held 12-21 March in Lausanne. The main question discussed at the conference was ways to stabilize the situation and achieve peace in Lebanon.

Two viewpoints on the future of the Lebanese state were in confrontation at the Lausanne conference. P. Gemayel, the leader of the Phalangists, C. Suhamoun, chairman of the National Liberal Party, and S. Franjeh, former president of the country, defended the sociopolitical status quo, supporting the preservation of "Christian Lebanon". For their part, W. Jumblat and N. Barri demanded the creation of a genuinely democratic state and the abolition of all possible castes and clans and privileges for some individual religious community or the other.

Syria is playing an important part in bringing the positions of the opposed groupings in Lebanon closer together. Damascus' constructive contribution made it possible to remove a number of obstacles en route to the formation of a government of national unity. Particular significance in this respect was attached to the negotiations between the Syrian and Lebanese presidents which were held 19-20 April in the Syrian capital. Upon his return from Damascus, Lebanese President A. Gemayal entrusted to R. Karami, former president of Lebanon and prominent politician, on 26 April the task of forming the country's new government. A meeting of the ministerial cabinet was held on 10 May chaired by President A. Gemayel in which representatives of the country's national-patriotic forces--W. Jumblat, leader of the Progressive Socialist Party, and N. Barri, leader of the Shi'ite Amal movement--took part for the first time (prior to this they had boycotted the work of the government). An important result of the meeting was the decision to create a supreme defense council, which incorporated the entire cabinet. The council replaces the army command, putting the army under direct control of the government. These measures are important for overcoming the division of Lebanon into opposed groupings. The process of normalization of the internal political situation in Lebanon is gradually gathering pace. However, the endless armed flareups in the capital, its suburbs and the mountainous Alayh region testify that the participants in the national reconciliation still have a long and difficult way to go.

The attempts to achieve a settlement of the conflict are being complicated by the continuing presence on Lebanese soil of Israeli forces. The cancellation of the Lebanese-Israeli agreement dealt Tel Aviv a palpable blow. Prime Minister Y. Shamir was not slow to declare that Israel would maintain its military presence on Lebanese territory for a long time and would adopt special measures aimed at "protecting its security". The Israeli Army continues to occupy 2,800 square kilometers of the country (27 percent of the territory), where approximately 900,000 Lebanese live, the majority of whom are Shi'ite Muslims. According to an Israeli radio report, in connection with the cancellation of the Lebanese-Israeli agreement the United States and Israel embarked immediately on the "formulation of a plan of joint action".

On 16 May the Israeli aggressors occupying South Lebanon organized a new massacre--this time in the Ayn al-Hulwah Palestinian refugee camp at night. Simultaneously mercenaries from the puppet "Army of South Lebanon" took up positions on the heights controlling the approaches to it. The "operation" began early in the morning. In the course of the reprisal several persons were killed, more than 20 wounded and 150 arrested. The occupiers blew up 30 homes and smashed an educational center where the children of Palestinian refugees were studying. The raid on the defenseless camp was carried out as a major military operation. Some 1,500 of the interventionists took part.

However, despite the terror and tyranny perpetrated by the occupiers in South Lebanon, the resistance to them is growing.

According to official data published in Tel Aviv, in March alone there were 32 armed guerrilla attacks on Israeli soldiers in South Lebanon. As of the present the invasion has cost Israel hundreds of dead and thousands of wounded. Israelis are now finding it difficult to reconcile themselves to the military,

political and economic costs of the aggression in Lebanon. In the army, which has never conducted protracted wars, there is growing discontent with its occupation and repressive role in Lebanon. As of the present time the aggression against this country has swallowed up more than \$3 billion, and each day of the Israeli forces' protracted occupation in the south of the neighboring Arab country costs \$1 million. As a result--a catastrophic deterioration in the country's economic position. The foreign debt has risen to \$30 billion, while the balance of payments deficit has passed \$5 billion. The annual inflation rate has jumped to 400 percent. Unemployment is growing, the living standard is declining and the strike movement is broadening.

The foreign policy adventurism and the domestic policy and economic strain ultimately led to a government crisis. On 22 March the Knesset passed by 61 to 58 a vote of no confidence in the ruling Likud bloc. Early elections were set for 23 July. Yet the Y. Shamir government is continuing the policy of spurring tension in the region. The military situation in the Bekaa Valley has been complicated considerably as a result of the stepped-up provocative operations of the Israeli military against Syrian subunits of the inter-Arab peacekeeping force in Lebanon.

Syria's consistent position in support of a just and all-embracing Near East settlement is causing particular irritation in Tel Aviv and Washington. Pressure is being put on it constantly to wrest it away from the ranks of the Arab national-patriotic forces and prompt it to accept plans for a settlement. But the machinery of military-political pressure is malfunctioning, encountering the Syrian leadership's firm counteraction of the separate deals policy.

Syria's stanchness and its effective repulse of Washington's and Tel Aviv's attempts to establish their domination in the Near East are evaluated highly in the USSR. This was stated once again during the working visit to the Syrian Arab Republic from 10 through 13 March of G.A. Aliyev, member of the CPSU Central Committee Politburo and first deputy chairman of the USSR Council of Ministers. In talks with H. Assad, general secretary of the Ba'th Party and Syrian president, there was thorough discussion of Soviet-Syrian relations, international questions and, in particular, the situation in the Near East. G.A. Aliyev handed H. Assad a message from K.U. Chernenko. The Soviet-Syrian communique on the results of the visit emphasized that "the Syrian side made a high evaluation of and expressed profound gratitude to the Soviet Union--the loyal and reliable friend of Syria and all Arabs--for invariable support for the Arab peoples' struggle for their legitimate rights and effective assistance to Syria in the strengthening of its defense capability in the face of Israeli aggression and threats of imperialist interference." Both sides confirmed their resolve to continue the joint struggle to achieve an all-embracing and just Near East settlement.

In mid-March UN Secretary General J. Perez de Cuellar sent the 15 Security Council members, the governments of Jordan, Lebanon, Syria and Israel and also the PLO leadership letters in which he proposed not later than 30 April 1984 setting forth his opinion on preparations for the convening of an international Near East conference. As is known, the proposal for the holding of such a conference with the participation of all the parties concerned, including the PLO, had been put forward by the Soviet Union. The Soviet peace

initiative won widespread approval at the General Assembly 38th Session. The resolution which it passed calls on the countries involved in the conflict and other interested parties to participate in such a representative forum. Only the United States and Israel voted against.

Besides the USSR, Syria, Jordan, Egypt, Lebanon and the PLO voiced their consent to take part in the preparation and work of such a conference. The United States and Israel again occupied an obstructionist position on this question.

Despite the inglorious finale to the shameful mission of the so-called Multinational Force, R. Reagah, according to THE WASHINGTON POST, "left no doubt that the United States is by no means abandoning its role in Lebanon." The gamble is being made, as before, on diktat, power methods and the mindless encouragement of Israeli expansion. At the end of March the U.S. Congress' Senate Foreign Relations Committee voted to grant an additional \$400 million for military-economic assistance to Israel in the 1985 fiscal year. Thus overall aid to Tel Aviv will be in excess of \$2.6 billion.

The United States' one-sided orientation toward Israel is engendering growing distrust of the United States' assurances concerning the "evenhandedness" of its Near East policy even among the Arab states which Washington considers its allies. Observers draw attention in this connection to an interview which King Hussein of Jordan gave THE NEW YORK TIMES. "It is clearer now than ever," he declared, "that the United States has ceased to be a power which keeps its word and fulfills its promises.... Naturally, we cannot have dealings with the United States--neither as an ally of Israel nor as a mediator." Hussein's statements caused shock in the White House. After all, it was on Jordan that Washington was counting, hoping to set the so-called Reagan Plan for the Near East in motion. The White House reacted to what had happened in purely Reagan fashion: it was decided to "punish" Jordan. In order to teach Hussein a "lesson" the U.S. Defense Department canceled a request for the sale to Jordan of a consignment of Stinger air-defense missiles being discussed in Congress.

The growing mistrust of the United States on the part of conservative Arab regimes is also attested by their manifestly negative attitude toward Washington's attempts to take advantage of it in its own interests of the continued exacerbation of the situation in the Persian Gulf and the region of the armed conflict between Iraq and Iran. Military reports from the Iran-Iraq front testify that the intensity of the combat operations has reached the highest point of the war, which has lasted almost 4 years. At the start of April the Security Council examined the situation, expressing concern at the conflict, which threatens international peace and security in the region. The Security Council members took note of a report of specialists who had been appointed by the UN secretary general to investigate claims concerning the use of chemical weapons in the course of the conflict. All the Security Council members "emphatically condemned the use of chemical weapons reported by the specialists' mission."

The exacerbation of the conflict was used by the R. Reagan administration and its NATO allies--Britain and France--to justify a buildup of their naval forces at the entrance to the Persian Gulf. U.S. aircraft are on continuous air patrol.



Flagrantly violating generally recognized rules of law, particularly the 1958 Open Seas Convention and the Chicago International Civil Aviation Convention, the American side has determined for vast sea expanses flight restrictions on the foreign civil aircraft and ships' passage. The Soviet Union has emphatically condemned this new unlawful act of Washington's and announced its nonrecognition of the latter's arbitrarily established restrictions on freedom of navigation on the open seas and aircraft flights in the airspace above them.

Events underwent a dangerous new development as a result of the "tanker war" which began in May. In the course of the month several ships designed for the shipment of oil were attacked in the waters of the Persian Gulf. On 25 May Lloyd's insurance company declared that the day before Iranian Phantoms had fired on a Liberian tanker in international waters of the Saudi Arabian coast. The attack followed shortly after reports from Baghdad that Iraq had fired on two ships southeast of Iran's Kharg Island.

The United States hastened to offer Persian Gulf states military "assistance". The grouping of ships of the U.S. Navy stationed in direct proximity to the Gulf was joined by the aircraft carrier "America" with accompanying ships. Reagan sent the king of Saudi Arabia a personal message, which, according to press data, contained a demand that the Americans be granted the "right" to use airfields and other military facilities of Saudi Arabia. However, Riyadh turned down the U.S. offer of direct military assistance for the protection of oil shipments, declaring that it would rely on its own potential and the help of Arab allies.

Washington's imperial policy is causing the continuation of centers of tension in other parts of Asia also. A target of aggression for many years has been Afghanistan, against which the United States and certain other countries are waging an undeclared war. Among such countries is primarily Pakistan, which has essentially become a conduit of the United States' hegemonist policy in this region. Washington is manifestly assigning it the part which the shah's Iran played. Encouraging the military ambitions of the Zia-ul-Haq regime, the United States has granted Pakistan large-scale credit for purchases of arms, including the most modern types, and is prompting it to actions creating tension in relations with neighboring states--Afghanistan and India.

Certain allies of the United States and also China are also taking a very active part in this provocative activity. The Afghan Foreign Ministry issued a statement in connection with the visit to Pakistan of Japanese Prime Minister Y. Nakasone, during which he visited a camp of the Afghan counterrevolution in the Peshawar area. The statement pointed out that this step pursued the goal of prompting the counterrevolution to further actions against revolutionary Afghanistan, kindling the militarist aspirations of Pakistan's leaders and encouraging them to keep their country the main springboard for aggression against the Democratic Republic of Afghanistan. Japan increased assistance to the counterrevolutionary bands by \$18 million.

However, life is overturning the calculations of those who are hastening to comfort themselves with illusions concerning the possibility of the restoration of the old orders in Afghanistan. The past months have shown that the process of normalization of life in the country is developing progressively.

An important event was the March Jirga (assembly) of the country's ulemas and religious figures. Its participants--over 600 of the most respected and authoritative religious officials of all provinces--declared firm support for the people's power and appealed to all citizens of the country to strengthen unity in the struggle against the counterrevolutionary forces.

In the recent period the Afghan Government continued the negotiations with D. Cordovez, special representative of the UN secretary general, who visited Kabul in April. The Afghan side again confirmed its readiness for a settlement of contentious issues with Pakistan.

However, to judge by everything, Islamabad is by no means interested in a normalization of relations with Afghanistan. And not only with it. Tension on the Pakistani-Indian border, where Pakistan has concentrated large contingents of its forces, continues through the fault of the Zia-ul-Haq regime. Islamabad's acquisition of large consignments of American arms of an offensive nature and also reports of work being carried out in Pakistan on the creation of its own nuclear potential are also giving rise to the Indian Government's serious concern.

Under these conditions the Indian Government has been forced to take steps to strengthen the country's defense capability. D.F. Ustinov visited India in March. He met Prime Minister I. Gandhi, Indian Defense Minister R. Venkataraman and other Indian leaders. In a speech to servicemen D.F. Ustinov emphasized that an important place in Soviet-Indian relations is occupied by military cooperation, which is aimed at ensuring the security of our peoples and the preservation and consolidation of peace in Asia and throughout the world.

A splendid page in the history of Soviet-Indian cooperation was the joint flight of the Soyuz T-11 spaceship with an international crew on board, among whom was the Indian cosmonaut-scientist Rakesh Sharma. This flight, I. Gandhi declared, "is one further striking example of constructive cooperation for the good of both our peoples."

The successful completion of the flight of the international crew shows for the umpteenth time that there is no sphere in which states with different social systems may not cooperate given good will and an endeavor to develop relations for the good of their peoples. An important event in this connection was the visit to the USSR 1-4 April of Indonesian Foreign Minister M. Kusumatmadja. In the course of the Soviet-Indonesian negotiations the sides advocated a settlement of the situation in Southeast Asia by way of negotiation and the establishment of peace and stability in the region. The Soviet side expressed the intention to continue to pursue a policy of the maintenance and development of friendly relations with the ASEAN states. In turn, Kusumatmadja declared that ASEAN is not a bloc military organization and will not become such and that the countries of the association intend to organize their mutual relations with all states on the basis of peaceful coexistence and good-neighborliness.

An important contribution to an improvement in the situation in the Southeast Asia region was the tour of Indonesia and Australia (March-April) by

Vietnamese Foreign Minister Nguyen Co Thach. The negotiations in Djakarta and Canberra revealed points of contact on a number of questions. Their participants supported a continuation of consultations aimed at strengthening peace and stability in Southeast Asia.

On 25 May progressive mankind commemorated African Independence Day and the 21st anniversary of the creation of the OAU. At the meeting in Addis Ababa a message from the present chairman of the OAU, M.H. Mariam, chairman of Ethiopia's Provisional Military Administrative Council, was read out in which he noted the organization's significance in realizing the African peoples' hopes for complete liberation, social progress and lasting unity.

Despite significant achievements, the Afghan peoples are confronted acutely with tasks of overcoming the backwardness inherited from colonialism and achieving real political independence. Their accomplishment is being complicated by the unsolved state of many problems in relations between individual African states, which are being artificially fanned by imperialism and neocolonialism. "The Soviet Union," K.U. Chernenko declared at a dinner in honor of M.H. Mariam, who was in Moscow (29-31 March) on a friendly working visit, "invariably supports an improvement in the entire political atmosphere in Africa, believing that there are no questions there which could not be settled at the negotiating table in accordance with the principles of the United Nations and the OAU. We are convinced also that the African states themselves have the decisive role in this process."

However, imperialist circles headed by the United States are continuing to spur tension on the African continent and inciting conflicts between its countries. Libya has been subjected to particularly heavy pressure and blackmail recently. A shrill propaganda campaign has been initiated against it whose purpose is to isolate this country and oust the progressive regime. The now-standard charge against Libya of "international terrorism" has been brought into play. The pretext for it on this occasion was a report of the Sudanese authorities concerning the bombing by an unidentified aircraft of a suburb of Khartoum-Omdurman. As if on command, the mass media of the United States and other Western states, without troubling to ascertain the facts, immediately seized on the version of the incident put forward by the Sudan regime, which without any proof held Libya responsible for what had happened. Although, as THE TIMES wrote, many Sudanese are inclined to suspect that the aircraft was not Libyan but Sudanese.

The United States took advantage of the incident to expand its military presence in the region. Two American AWACS electronic reconnaissance aircraft for monitoring the situation in Sudan and Libya arrived urgently in Egypt.

The situation in Chad is complicated, as before. No less tense is the situation in southern Africa also. In order to shift matters from standstill Angola and Mozambique consented to hold talks with South Africa. Both countries support the UN plan for Namibia (Security Council Resolution 435, which was adopted in 1978) and advocate its implementation. In accordance with the plan, a cease-fire and free elections under UN supervision are envisaged in Namibia. However, it has not yet been possible to embark on implementation of these plans owing to South Africa's sabotage.

A principal goal set by the delegations of Mozambique and Angola at the negotiations with South Africa was achieving an end to the South African regime's aggression against both countries and Pretoria's renunciation of support for the counterrevolutionary formations--the Mozambique National Resistance and UNITA. In turn, South Africa sought from Mozambique restrictions on the activity of the ANC--the national-patriotic organization fighting against the apartheid regime. The course of the negotiations showed the entire complexity of reaching a compromise. While putting forward the demand for restrictions on ANC activity, Pretoria, for its part, refused to assume commitments to cease assistance to the bandit Mozambique National Resistance groupings which it supports.

Even more complex were the negotiations between Angola and South Africa, in which the United States joined. At the first stage it was possible only to form a "disengagement" commission composed of representatives of Angola, South Africa and the United States. It was a question of the withdrawal of the racist regime's forces from the southern regions of Angola, which they had invaded back in 1981. The South African delegation put forward the demand for an end to SWAPO's armed activity in Namibia from Angolan territory. Angola and SWAPO consented to this on condition that fulfillment of Resolution 435 on Namibia would begin in the wake of the withdrawal of South African forces. South Africa, in turn, demanded that this problem be "linked" with an absolutely unrelated issue--the withdrawal of Cuban forces from Angola.

A joint statement of the Angolan and Cuban governments was issued on 19 March in Havana on the results of the visit of a delegation of the Angolan People's Republic headed by J.E. dos Santos, chairman of the MPLA-Labor Party, in which the leaders of the two countries set forth the conditions following whose fulfillment the stage-by-stage withdrawal of the Cuban contingent from Angola could begin. It is essential for this that South Africa withdraw its forces from Angolan territory, Resolution 435 be fulfilled in full and Namibia be granted complete independence. Furthermore, all South African forces must be withdrawn from Namibia, acts of aggression or threats of aggression against Angola on the part of the South African regime, the United States and its allies must cease and there must be an end to all support for UNITA.

Stubbornly continuing to insist on the artificially introduced "linkage," Pretoria broke off the negotiations between a SWAPO delegation and representatives of the occupying racist South African regime in Namibia which had taken place in the latter half of May. The latter again put forward as an obligatory prior condition the withdrawal of units of the Cuban internationalists from Angola. SWAPO rejected this demand, pointing out that Angola, as a sovereign state, had the legitimate right to conclude any agreement with other states to ensure its security and territorial integrity.

An extremely explosive situation has taken shape in Latin America as a result of the United States' aggressive policy. Having trampled defenseless Grenada underfoot, Washington is coming out with unconcealed threats against other states of this region unwilling to submit to the policy of diktat, primarily Cuba and Nicaragua. The threats are being backed up by active militarist preparations, which include an increase in the strength of the contingents of American troops in Central America, a buildup of naval strike forces, an endless series of provocative military maneuvers with the practicing of marine

landings and use of the territory of certain states of the region as a springboard for subversive operations against Cuba and Nicaragua. The latest setp in the escalation of tension was the mining of Nicaraguan ports--an action categorized throughout the world as state terrorism. Eleven ships, including the Soviet tanker "Lugansk," were hit by mines when calling at and departing from the ports of Sandino and Corinto in March-April as a result of the bandit operations of the United States.

The White House attempted to deny its responsibility for the mining of Nicaraguan ports, but numerous facts testify to the direct involvement of the CIA. "The mines," THE NEW YORK TIMES observes, "were laid in the harbor by the 'contras,' who are financed, armed, supplied, partially trained and to a considerable extent directed in their activity by the CIA, which is manifestly seeking to oust the Nicaraguan Government." A Soviet Government note observed that "the nature and scale of these criminal operations leave no doubt that they are being undertaken with the direct participation of departments and persons under the control of the U.S. Government, which is thereby directly guilty of violating a fundamental principle of international law--that of freedom of navigation." It is significant that even such of its allies as Britain and France condemned Washington's terrorist activity.

The unconcealed acts of terror and aggression on the part of Washington are blocking the possibilities of arriving at a just political settlement. The Reagan administration is not only ignoring the efforts being made by the states of the Contadora Group, which have been broadly supported both in Latin America and beyond, but is directly counteracting them. We should not be surprised that Washington has remained deaf to the appeals of the president of Mexico (a leader of the Contradora Group), M. de la Madrid, for assistance to the quest for a political settlement which he addressed to the American leadership during his visit to the United States in May.

To the rumble of the boots of American soldiers the United States is continuing to play at "democratization" in the Central American countries. The second round of the presidential "elections" was held in El Salvador on 6 May. Victory was gained by N. Duarte. The performance put on by Washington was staged in accordance with a script drawn up by the CIA. Only the person enjoying the patronage of Washington wins at such "elections". It is significant that the American press had declared Duarte the winner several days prior to the "voting" even. The change of scene in El Salvador, which Washington needed to impart to the repressive regime a more "democratic" facade, changes nothing in the correlation of political forces in the country. The Salvadoran patriots are continuing the struggle to oust the pro-American regime.

The events of past months have shown how complex and dangerous the present international situation is. The adventurist actions of the most aggressive imperialist circles, primarily American, the policy of confrontation with socialism and the achievement of military superiority over it, which was again confirmed at the latest NATO session, and expanding imperialist interference in the internal affairs of other states have caused a sharp exacerbation of tension in the international arena and increased the risk of the outbreak of nuclear war. Nonetheless, the picture of today's world is far from hopeless.

The policy of diktat is encountering a growing rebuff. It is becoming increasingly bankrupt. And this is natural. Attempts to delay, even more, turn back mankind's progressive movement are doomed to fail for those who are making them are counterposing themselves to the interests of all peoples.

COPYRIGHT: Izdatel'stvo "Pravda". "Mirovaya ekonomika i mezhdunarodnyye otnosheniya". 1984

8850

CSO: 1816/11



## ROUNDTABLE ON 'NEW INTERNATIONAL ECONOMIC ORDER'

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 7,  
Jul 84 pp 101-116

[MEMO Roundtable: "The Struggle for a New International Economic Order:  
Results of a Decade"]

[Excerpts] From the editors: in May 1984 it was 10 years since the UN General Assembly Sixth Special Session's adoption of the Declaration and Action Program Pertaining to the Establishment of a New International Economic Order (NIEO).

The exceptional complexity and multilevel nature of the problem of a reorganization of international economic relations and the objective difficulties of the formulation of effective political decisions in this sphere which have been revealed predetermine the need for an extended scientific analysis of various aspects of the entire system of world economic relations. A roundtable organized by the MEMO editorial office, in which Soviet scientists and specialists of the USSR Academy of Sciences IMEMO, the USSR Academy of Sciences Institute of Economics of the World Socialist System, the USSR Foreign Ministry, the State Committee for Science and Technology, State Committee for Foreign Economic Relations and the Moscow State Institute of International Relations studying problems of the NIEO took part, was devoted to this.

Opening remarks of A. Yakovlev, director of the USSR Academy of Sciences IMEMO: 10 years ago on the initiative of the developing countries and with the support of the socialist states the world community adopted a program of the establishment of a NIEO. For us today this is not simply a calendar date. The period of the 1970's-start of the 1980's was filled with changes in the world arena which are grounds for large-scale conclusions of general significance. The task of a combination of the results of a scientific analysis of these changes with the requirements of practice, with which the economic diplomacy of the socialist states and with their foreign policy as a whole is perfectly natural under present conditions. Whence the relevance of the questions submitted for discussion by today's meeting of scientists and practitioners working in this field.

There is no doubt that the ideas contained in the NIEO program, reflecting the emergent states' enhanced role in international life, have, in turn, exerted a considerable influence on the state of affairs in world economics and politics. At the same time, however, the struggle to implement the program has experienced the impact of global processes, from an analysis of which the developing countries are now drawing conclusions. These amount to the consolidation of the positions of socialism in the competition of the two systems. The series of crises of the 1970's-start of the 1980's in the world capitalist economy, which were of unprecedented depth. The shift in international relations from detente toward a sharp increase in tension which occurred through the fault of the most aggressive imperialist circles. And, finally, the exacerbation of world, general problems. Events developed very dissimilarly within the block of emergent states also, which is becoming increasingly differentiated both economically and politically.

For this reason now, approaching the mid-1980's, it is possible, first, to determine more clearly the essence of the NIEO and the priorities and directions of the evolution of its program. To a certain extent it is easier to answer the question concerning the adequacy of its demands to the tasks confronting the emergent countries, in their refraction via the prism of the positions of the various sociopolitical forces of these countries included. Second, the experience of the struggle for a NIEO makes it possible to judge with greater substantiation than in the mid-1970's the changes in the correlation of forces between the centers and the periphery of the world capitalist economy, such concepts as development and economic decolonization and the possibilities and limits of the realization of the NIEO program itself. Third, an organic interconnection of progress along the path of the establishment of a NIEO with successes in the struggle for detente, disarmament and the prevention of a new world war can be traced. Fourth and finally, the natural alliance of world socialism and the national liberation movement is acquiring new aspects and dimensions and new, extended content.

These four directions could be made the basis of today's exchange of opinions. The organizers of the roundtable proceed here from the fact that this exchange will be of both theoretical and applied, foreign policy significance, not to mention possible conclusions of a broader resonance.

#### I. Ivanov: NIEO: Essence, Specific-Historical Context, Prospects of Realization

Despite its brevity, the 10-year history of the struggle for a NIEO has been a period of particularly dynamic, qualitative changes within the block of developing countries and also their place and role in the capitalist and world economy. The dialectics of the development of the NIEO order program itself here were that it operated simultaneously both as a consequence and as a cause of the changes which are occurring and evolved in close and direct connection with the most important processes of world development. The specific aspects of this program and the stages and particular features of the struggle for it will be analyzed thoroughly in the speeches of other participants in the roundtable. As far as the most general evaluations are concerned, they amount to the following.

First, the experience of the past decade has shown convincingly that the very emergence of the movement for a NIEO within the framework of the collective political and economic platform of the developing countries was not a chance zigzag in history or diplomacy but an objective, logical phenomenon. As such it confirms the universal soundness of Marxist-Leninist teaching on the dialectics of the interaction of the production forces and production relations representing the first principle of all social development, of the emergent countries included.

Indeed, the breakup of the directly colonial forms of these relations in the 1950's-1960's enabled the young independent states in a relatively short time to do more for the development of the economy than in centuries of colonial oppression. An industrial revolution developed, uniform national markets took shape and the mass nationalization of the property of foreign monopolies was undertaken in the majority of them. Reproduction here assumed a predominantly steadily expanded nature. It is not surprising that this progress of the production forces, in turn, again confronted the developing countries with the need for a change in production relations. This time it was a question of the unequal international production relations in the world capitalist economy, which embodied dependence, neocolonialism and external barriers to development. It was on this basis that the movement for a NIEO emerged, the more so in that under the specific conditions of the developing countries, given their tremendous dependence on foreign markets, secondary, international production relations are for them sometimes even more significant than internal, primary relations and frequently predetermine the nature of the latter.

Second, the very moment of the developing countries' advancement of the NIEO program appears historically conditioned. Lenin's forecast that the political decolonization of the oppressed nations should be consolidated by economic liberation is thereby corroborated. The change in stages in the national liberation movement pertains precisely to the 1970's. This was said directly by Algerian President H. Boumediene, submitting the NIEO program for examination by the UN General Assembly Sixth Special Session in 1974.

Third, the very fact of the appearance of such a comprehensive and far-reaching program as the NIEO platform, even considering that the direct initiative of its advancement belonged to the developing countries, may be correctly understood only in the context of world development and the competition of the two systems. It would be no exaggeration to say that the movement for a NIEO appears largely as the consequence of the effectiveness of the natural alliance of world socialism and the forces of national liberation in the general anti-imperialist struggle, however this proposition may be disputed by its various opponents. Indeed, on a global scale the very existence of the world socialist system is fettering the aggressive propensities of imperialism, consolidating the positions of the young states in the international arena and creating objective prerequisites for their pursuit of an independent foreign policy course. It was precisely it which undermined the West's previous monopoly on the commodities, technology, personnel and resources necessary for development. New forms of nations' equal and mutually profitable economic contacts which have been generated by socialism and which differ fundamentally from the monopoly practice of the transnational corporations (TNC)

are becoming a part of world commerce increasingly extensively. The socialist states support the just demands of the NIEO program. Incidentally, many of these demands are successive to the aims and slogans of the struggle for a reorganization of international economic relations on just, democratic principles whose sources lead to October.

Thus the experience of the struggle for a NIEO again shows convincingly the vital need for the national liberation movement of alliance with world socialism. Also indisputable is the fact in the modern world there are not only two opposite social systems but also two types of relations with the developing countries inherent in them. The eclecticism of the constructions of the supporters of the "rich North--poor South" concept or the "equidistance" of the young states from both imperialism and socialism is revealed in the light of this. These concepts, which have not become predominant in the nonaligned movement, are losing support in the ranks of the Group of 77 also.

Fourth, experience has shown that the NIEO platform manifestly bears certain features of the current transitional era. Of course, it is not an anticapitalist manifesto. At the same time, however, it is a document which rejects many of the foundations of capitalism and seeks an alternative to them. Furthermore, in what is most important it is oriented not toward a "reanimation" of the past nor a return to premonopoly or even precapitalist forms of economic operation in the present-day developing countries. Many of its propositions are oriented toward the future and proceed, directly or indirectly, from a recognition that the current level of socialization of production, international included, now requires a more accomplished mechanism than private capitalist economic operation. Whence the rejection in the NIEO program of the "free play of market forces" as a guarantor of development, its call for the interstate regulation of basic commodity and capital markets, emphasis of the role of the state sector in the developing economy, the slogan of restoration of the developing countries' sovereignty over resources seized by the TNC, recognition of the right of countries and peoples to choice of social development path and so forth. In other words, at least individual propositions of the program are open for consideration of the experience of the socialist countries and the specific features of states of a socialist orientation, could, given certain conditions, be suffused with anticapitalist content and are capable of strengthening the public principle in the basis of the developing states as a counterweight to the private-ownership principle and of creating the grounds for a transition from bourgeois-democratic reforms to revolutionary-democratic transformations.

As a whole, however, in a broad historical context, the movement for a NIEO fits into the channel of the struggle for progressive changes in the world and appears at the current stage as an instrument of the defense of the interests of the emergent countries and a factor of the intensification of the general crisis of capitalism.

At the same time the experience of the past decade has shown something else also. It has clearly illustrated the complex and heterogeneous conglomerate of forces behind the slogans of and demands for a NIEO in the young states. Its program reflects, as a mirror, the multistructural, transitional nature of

society in the developing countries and the differentiation processes occurring in their environment. Soviet scientific literature has already pointed to the principal weak aspects of the NIEO program: limitation of the transformation of the system of world economic relations merely to the sphere of the developing countries' economic relations with the developed countries, whereas all streams of world trade demand reorganization on new principles; underestimation of the organic interconnection of detente and development and obeisances in the direction of the baseless "rich North--poor South" concept; the unrealistic and unwarranted nature of individual demands which fail to take into consideration the standards and rules of world trade justified by practice, the lack of a connection between reform of the foreign economic sphere and progressive internal transformations in the developing countries; and so forth.

Has anything changed in this sphere in the past 10 years? Yes, there have been definite changes here. First and mainly, the developing countries and their leaders recognize increasingly that realization of the long-term propositions of the NIEO is possible only in a situation of lasting peace and extensive international cooperation. The NIEO program itself was put forward in the detente years, and whereas in that period the negotiations on this program were characterized by more or less productive dialogue, under the conditions of the antidetente of the start of the 1980's the changed Western diplomacy had brought these negotiations to the point of deadlock. Accordingly, the need for a return to detente and to avert the threat of war is stressed directly in recent economic documents of the nonaligned movement and is beginning to figure in the documents of the Group of 77. The developing countries have an increased understanding of the fundamental differences between the imperialist and socialist states, and there is increased readiness on the part of the emergent countries to take account of the particular features of the economic and commercial system of the latter in the formulation of multilateral accords, in the United Nations included. A number of unrealistic and unjustified demands of the developing countries (the "indexation" and "decommercialization" of the transfer to them of state-owned technology and so forth) is receding into the background.

The processes under way in connection with the movement for a NIEO within the developing world itself are also noteworthy. First of all, the mass base of this movement is growing, and its program is now known and fought for not just by the "upper strata" alone. In parallel with the democratization of the base of the struggle for a NIEO a process of the intensive stratification of its participants is under way. Beyond the confines of the general aspiration to overcome dependence by means of the establishment of a NIEO various social groups in the developing countries now have a varying conception of the methods of the achievement and degree of completeness of the proposed transformations.

Thus conservative regimes see the NIEO basically in two dimensions: as a source of additional capital for social maneuvering in the event of success in implementation of its program and as a kind of lightning rod in the event of failures in democratic, economic and social policy. For the local bourgeoisie the NIEO is also a means of acceleration of capital accumulation

thanks to the benefits which it envisages and a ram for penetrating the "rich men's club". Finally, for democratic and progressive regimes and broad strata of the population its program is an instrument for the strengthening of the national independence and unity of the developing states and the creation of external conditions conducive to progressive domestic transformations. All these forces, representing accordingly class-collaboration, reformist and scrupulous, anti-imperialist lines in the collective economic diplomacy of the developing states, pretend to the role of leader in the movement for a NIEO.

Under the conditions of the deterioration in the emergent countries' economic position at the start of the 1980's leadership in conducting specific negotiations in respect of a NIEO in the Group of 77 is still held by the reformists. For them this program is primarily a base for the formulation of new "rules of the game" between the monopoly bourgeoisie of the former metropolises and the strengthening bourgeoisie (or bourgeoisified upper stratum) of the former colonies and semicolonies. Equally, they are virtually prepared to abandon the NIEO platform as a comprehensive program, reducing the negotiations thereon merely to certain, "most realistic" directions, namely, those in which the West's monopoly capital is prepared to make concessions to some extent or other to the local bourgeoisie in the countries in which it is in power (in the sphere of debts, compensation financing and trade preferences).

The increased differentiation and contradictions on specific questions within the Group of 77 itself have contributed to this course of events. Of course, the centripetal forces therein will evidently remain for the foreseeable future stronger than the centrifugal forces. But what is new is that whereas at the time of the emergence of the NIEO program and in the first years of struggle for it the contradictions between developing countries were reflected in the positions of regional groups thereof, now the breaks of nonconcurrent interests run within the regions and are not only purely commercial but sociopolitical also. This process, which is logical from the viewpoint of social development, is nonetheless complicating the Group of 77's formulation of common decisions.

The diplomacy of the imperialist states also interprets the NIEO platform in a largely different manner now. After the shock of the mid-1970's, it has been able to change its methods and counterpose to the developing countries' program a new conceptual and technical-diplomatic arsenal. It has also incorporated relapses into power politics born of antidetente. The following have been the main directions of the struggle against the NIEO in recent years, particularly its most radical and anti-imperialist propositions. First, counterposing to the slogan of overcoming the developing countries' dependence the theory of "interdependence" in its various versions. Second, de-integration of the NIEO program as a single program and its reduction to negotiations on individual, unconnected questions. For this reason, in particular, so-called "global negotiations," by means of which the developing countries have attempted to again assemble their demands in a single "package," cannot yet begin. Third, an attack on the very principle of granting the developing countries one-sided nonreciprocal trade privileges is under way. This principle, which triumphed and was codified in the mid-1970's, is



currently being devalued by concepts of "partial reciprocity" in trade between the West and the developing countries and the granting to them of privileges which are "graduated" depending on the level of development and political course of the recipient country. Thus the same imperialist slogan of "divide and rule" is being put forward in a different appearance. Furthermore, in the light of a transition to "neoconservative" policy at home the majority of governments of Western powers are stubbornly objecting to the use of NIEO propositions for some limitation of the free play of "market forces" and "private enterprise" on the world market and the restriction of TNC operations.

This change in the policy of the imperialist powers is not purely diplomatic but also has a certain organizational-material basis. Thus in a short time the West has achieved pronounced success in energy and raw material economies, as a result of which the initiative on the markets of these commodities at the start of the 1980's had switched to it once again. New mineral resources have been prospected and developed in the most developed capitalist states. The imperialist powers have managed to maintain control over the commodity-producing network of international trade (transportation, storage, processing, marketing), that is, the intermediate positions between the developing countries and the ultimate consumers of their commodities, and to defend their supremacy in the GATT, World Bank and IMF. There has been an extension of the coordination of the Western powers' positions on questions of the NIEO and the OECD, and their group discipline has become stricter. The leadership in this coordination has been seized by countries in which conservative circles are in power (the United States, Japan, the FRG and Britain), which have essentially drowned out within "Group B" both the voice of the "liberal" Scandinavian bloc and the demarches of Mediterranean countries, Canada and Australia, whose specific economic interests frequently correspond with those of the raw material suppliers.

There has been a partial change in the priorities in the NIEO program. Whereas normalization of the raw material trade and development financing were regarded as its nucleus in the 1970's, the problems of debts, protectionism and technology transfers are emerging in the forefront increasingly in the 1980's. Criticism of the TNC is also more muted since the debts have to a considerable extent closed off other channels of foreign financing alternative to private capital, and the TNC themselves have found new forms of conducting their operations in the developing countries more acceptable to the local bourgeoisie and, in some respects, to the state even.

What has been said enables us to put forward a number of considerations concerning the immediate future of the NIEO. Obviously, its realization could be the more far-reaching, the more favorable the international political climate becomes and the sooner the current crisis of the capitalist economy is overcome. The second appears possible; the first as yet problematical. The degree of realization of the NIEO also largely depends on the strength of the alliance of world socialism and the national liberation movement, whose fundamental goals in this sphere are close or coincide. Finally, it is becoming increasingly obvious that the reformist forces in the developing world have already exhausted their anti-imperialist, aggressive potential to a considerable extent and regard their contradictions with the West as being

more commercial than political. For this reason in the broad historical plane consistent realization of the NIEO is connected, it would appear, primarily with a stimulation of the struggle therefor of the radical, revolutionary-democratic wing in the emergent states. Only in this event will the movement for a NIEO not degenerate into a "family" affair of the world class of the bourgeoisie but serve development in the interests of the people's masses. From the "program limit" as it is conceived by the local bourgeois-caste upper stratum it could become a point of departure for more mature social transformations surmounting their present narrow bourgeoisie-reformist horizon. In short, the true future of the NIEO is seen in its suffusion with new social content and the movement to the forefront of the struggle for this program of the progressive forces.

As far as realization of the specific demands of the NIEO is concerned, the commissioning of a "Common Fund" for financing an "integrated raw material program" may be expected in the very near future. However, fulfillment of this program in its basic component--the conclusion of a series of international commodity agreements--could drag on for a long time or break down altogether. Given the limited possibilities of the expansion of compensation financing and the drop in the material consumption of modern production, this would mean also frustration of the attempt to organize the stabilization of raw material prices as a whole.

The emergence of the capitalist economy from the crisis could beat back the wave of protectionism somewhat, particularly tariff protectionism. The demand for the developing countries' cheaper industrial products on the markets of the developed capitalist states is increasing, and with it the possibility of extension of the operation of various trade preference plans. But these changes will hardly have a serious affect on nontariff barriers in trade, under the protection of which the governments of the Western powers will effect a structural reorganization of their economies also with regard for the lessons of the crisis on the eve and at the outset of the 1980's. A direction of such a reorganization will be the large-scale transfer to the developing countries of capacity for the primary processing of raw material and the production of material-consuming products. This could objectively contribute to the creation of "lower stages" of industry in these countries. However, this process will come to be impeded by the continuation in the West of mass unemployment, and the TNC will try and keep control over the relocation of production. The "code of conduct" for such corporations adopted in the United Nations will hardly be able to appreciably impede them here for its regulatory articles and legal status have already been considerably emasculated.

Obviously, with the end of the crisis there will be somewhat of an increase in "aid" to the developing countries via official channels, albeit for refinancing their debt payments and thereby averting the bankruptcy of the West's private banks themselves. True, the increase therein will be curbed by the budget deficits, and, what is most important, predominantly private capital will be foisted on the developing countries as the basic source of financing, as before. For this reason the preliminary outlines of "official development assistance" of 0.7 percent of the Western donor-countries' GNP recommended by

the United Nations will hardly be fulfilled by the biggest of them in the foreseeable future.

It is likely that UNCTAD will ultimately adopt an international code of conduct in the sphere of technology transfers. But it is clear even now that ultimately the surmounting of the developing countries' technological backwardness may be achieved only on the paths of the creation therein of a national science base, by way of their own collective efforts included.

The negative position of Western diplomacy at the negotiations on questions of a NIEO is forcing the developing countries to implement more actively "collective reliance on intrinsic forces" programs--a kind of "mini-NIEO for themselves"--and these programs will by no means just remain on paper. Special trade privileges will finally be introduced for the least developed, island and land-locked states. The application of a "code of conduct" for line shipping conferences on maritime transport will be extended. Successes of raw material "anticartels," however, will remain, apart from OPEC, modest.

The above forecast could, naturally, be adjusted by other participants in the roundtable.

Ye. Makeyev: The NIEO and its Political Essence

The platform of the NIEO represents a set of program demands in the sphere of international economic relations. The goals and tasks of the NIEO and also the specific paths and means of their achievement were formulated in the Declaration and Action Program Pertaining to the Establishment of a NIEO and the Charter of States' Economic Rights and Duties, which were adopted by the United Nations in 1974-1975 as a result of the initiative of the developing and socialist countries.

The Charter of States' Economic Rights and Duties contains such progressive principles as that of states' peaceful coexistence and the obligation of all countries to contribute to the achievement of general and complete disarmament under effective international control; the proposition concerning the connection between disarmament and development; the exercise of international trade based on the mutual granting of most-favored-nation status; and the impermissibility of discrimination in trade and other forms of economic cooperation based on differences in political, economic and social systems. The charter contains a special article calling on the developing countries to pay due attention to trade with the socialist states on terms no less favorable than those which they usually grant the developed countries with a market economy.

The general anti-imperialist and anticolonial thrust of the movement for a NIEO and its orientation toward a progressive reorganization of the developing countries' relations with the developed capitalist countries were the reason for the fact that from the very outset the leading Western powers adopted a policy of ignoring these documents. The imperialist states are endeavoring to substitute for the question of a fundamental reorganization of international economic relations on a just, equal basis a variety of proposals concerning

the need for the solution of individual, secondary problems. Having armed themselves with delaying tactics, the Western powers are attempting in every possible way to emasculate the anti-imperialist content of the NIEO program, split the ranks of the emergent countries and impede equal and mutually profitable cooperation between them and the socialist community states.

The UN documents on a NIEO are basically of an anti-imperialist and anticolonial nature. At the same time these documents counterpose the developing countries to the "developed countries," without distinction of their socioeconomic systems. They contain the groundless proposition concerning the "interdependence and joint liability" of the developed states for the economic backwardness of the former colonies and semicolonies; and contain specific quotas in the sphere of financial-economic assistance to them on the part of the developed countries of the order of 1 percent of their GNP, including 0.7 percent of GNP along official lines.

#### S. Tsukanov: Questions of the Industrial Development and Scientific-Technical Cooperation and Organization of the UN System

Growing attention has been paid in recent years to the questions of industrial development and, particularly, scientific-technical cooperation raised in the NIEO program. Currently the majority of measures being implemented within the UN framework concerns questions of science and technology predominantly in connection with the problem of overcoming the developing countries' economic backwardness. Particular assertiveness is being displayed here by such subdivisions of the UN system as UNIDO, the UN Environmental Program (UNEP), the International Committee for Science and Technology for Development (ICSTD), the UN Consultative Committee for Science and Technology, the Development Planning Committee, the Commission for Centers of Population, UN regional economic commission and also specialized institutions, particularly the World Intellectual Property Organization (WIPO).

Apart from the scientific-technical and industrial cooperation exercised within the framework of individual UN bodies and institutions, definite significance for realization of the NIEO program is attached to the world conferences conducted by the United Nations on particularly important problems, which examine various scientific-technical aspects of socioeconomic development. Among such recent international measures mention should be made of the UN science and technology conferences for development (Vienna, 1979) and on new and renewable energy sources (Nairobi, 1981).

The first conference marked a new stage in the activity of the international community in the sphere of science and technology. Its main goals, which had been determined by decisions of ECOSOC and the UN General Assembly, amounted to the following:

adoption of specific decisions on the ways and means of applying scientific and technical achievements for the establishment of a NIEO;

broadening the technical potential of the developing countries; and

adoption of effective measures for using scientific and technical potential for the solution of problems of economic development of national, regional and global significance.

The conference's decisions were reflected in a science and technology for development action program called the Vienna Program. Its main recommendations were aimed at strengthening the developing countries' scientific-technical potential, reorganizing existing international scientific-technical relations on just, democratic principles, enhancing the role of the UN system in the sphere of science and technology and granting more financial resources for the development of science and technology in the emergent states.

A result of the Vienna conference was also the creation of new bodies with far greater powers in place of those that had existed hitherto. Thus set up in place of abolished ECOSOC Committee for Science and Technology was the above-mentioned ICSTD, which is open for the participation of all states as equal members and designed to assist the UN General Assembly in exercise of the following functions:

development of the principles for the concordance of policy and also an improvement in communication between UN bodies, organizations and subdivisions in the sphere of scientific-technical activity for assisting the establishment of a NIEO;

ascertainment of the priority tasks for operational planning at the national, subregional, regional, interregional and global levels;

observance of the activity and programs of UN institutions in the sphere of science and technology;

assistance to the mobilization of resources for the creation of scientific-technical potential; and

adoption of measures to ascertain and evaluate new scientific-technical achievements which could in one way or another be reflected in the developing countries' scientific-technical potential.

The Operational Plan for Implementation of the Vienna Program, which was drawn up in the ICSTD, represents virtually the first international document containing the basic goals and tasks of international cooperation in the sphere of science and technology, which were formulated with regard for the possibilities not only of the UN system but also other international organizations and also the developing countries themselves. The propositions of the Vienna Program made specific in the plan were used in the elaboration of the new international development strategy for the 1980's. The basic task of these documents--contributing to the creation and strengthening of the developing countries' national scientific-technical potential--is incorporated in the International Development Strategy for the Third UN Development Decade.

The new international development strategy, as a component of the NIEO program, pays greater attention to the industrialization of the developing countries and the forms and methods of its realization. It determines the indicator of

average annual increase in industrial production in the developing countries at the level of 9 percent in the course of the decade. UNIDO, as the organization which in practice is to contribute to the acceleration of the process of industrialization in the young states, paying paramount attention to the processing sectors of industry, is called on to play an important part here.

The activity of this organization in rendering technical assistance, particularly in connection with the strengthening of the trend toward the development and fulfillment of large-scale projects in the developing countries capable of exerting a comprehensive influence on an increase in their economic growth rate, merits a positive appraisal. UNIDO pays considerable attention to the dissemination of information concerning different countries' technical inventions, assisting the emergent states in the use of such information, the introduction of available technology and the development of new techniques and the creation of national scientific-technical centers.

The UNIDO work program contains a whole number of proposals concerning the creation of a network of auxiliary international institutions of a scientific research nature: an industrial technology institution designed to be the central body for granting the developing countries assistance in this sphere; a center for the joint acquisition of technology for assistance to these countries in obtaining economies thanks to the accumulation of experience in the collection of information and the conclusion of agreements on the acquisition of technology; and also a patent research center.

Questions of technology transfers to the developing countries in those of its aspects which are directly connected with the environment occupy a significant place in UNEP's activity. This organization has been entrusted with such functions as the development of recommendations to governments of emergent countries on the choice of technology not polluting the environment, assistance to scientific research into the development of low-waste and waste-free technology and so forth. Thus with the UNEP's participation the first international symposium on ecologically substantiated technology for the developing countries was held in Istanbul in 1982. The creation of institutes for the development of low-waste technology and methods of utilizing waste and assistance to the developing countries in the acquisition of such technology was recommended among the priority tasks.

Furthermore, the UNEP exercises constant observation of the influence of national and international measures in the environment sphere on the developing countries and also contributed to ensuring the compatibility of programs in the ecology sphere with the plans and priority tasks of these countries' development.

The activity of the WIPO in assistance to the developing countries in industrialization by way of modernization of their systems for protecting industrial property and copyright is contributing to the establishment of equal international economic cooperation. These questions, particularly the current system of patenting and the protection of patented inventions, are an integral part of the problem of technology transfers and are subject to



revision in accordance with the basic provisions of the NIEO. In this connection the WIPO is obliged to prepare for revision a most important international convention in the sphere of patenting--the 1883 Paris Convention on the Protection of Rights to Industrial Property.

Operating within the WIPO framework, the developing countries are demanding a revision of the convention which will enable them to issue licenses at their discretion 2 years after a patent has been registered if its owner has not embarked on realization of the patent in a given country or to cancel the patent if the owner has not taken steps toward production locally within 3 years. In respect of trade marks it is also proposed making to the convention similar changes in order that their owners not only have rights but also certain obligations to the state.

A basic WIPO program is the Standing Program for the Development of Cooperation in the Sphere of Industrial Property, which was revised in 1976 with regard for the decisions and recommendations of the UN General Assembly Seventh Special Session. This program is aimed at catering for the developing countries' requirements in the sphere of protection of industrial property. Assistance to countries in the development of invention activity, their acquisition on favorable and fair terms of technology connected with industrial property and in the drawing up of legislation and the creation of the necessary institutions in this sphere are envisaged for this purpose.

A more pronounced role in the solution of questions of the emergent states' industrial and scientific-technical development has come to be performed by the ECOSOC and regional economic commissions--the Economic and Social Commission for Asia and the Pacific (ESCAP), the Economic Commission for Africa (ECA), the Economic Commission for West Asia (ECWA) and the Economic Commission for Latin America and the Caribbean. Within the ECA framework, for example, a special scientific-technical group functions designed to tackle the following tasks: act as the central UN body at the regional level for application of scientific-technical achievements for development; deal with questions of the scientific-technical cooperation of international and national organizations, give advice and assist the governments of states of the continent in the quest for the most efficient means of development of science and technology to raise the population's living standard; and ensure support for UN bodies and institutions in the development of scientific-technical programs at the national, regional and subregional levels. A result of the scientific-technical activity of this group was the elaboration of the African Regional Plan for the Use of Scientific-Technical Achievements for Development. Similar activity has been exercised within the framework of the Economic Commission for Latin America and the Caribbean and ESCAP.

The results of the United Nation's activity in implementation of scientific-technical and industrial programs in the interest of the developing countries, which are, as we can see, modest, on the whole, are largely explained by the fact that its efforts have not always been underpinned in the developing countries by adequate programs of progressive internal socioeconomic transformations necessary for the achievement of economic and technological independence. Success in overcoming the discrepancy between the developing and developed countries, in the sphere of industry and technology included,

may be scored on the paths of strengthening the state sector, which is capable of pursuing a progressive economic policy and creating national industrial and scientific-technical potential.

At the same time certain developing countries do not always adopt a critical attitude toward the prescriptions imposed by the West, in which these countries are called on to open wider the doors for the operations of the transnational corporations [TNC]. An analysis of the activity of the TNC in the emergent states shows that the international monopolies are ignoring the developing countries' national interests, employing restrictive practices extensively and disregarding the priority tasks of the development of the national economy. This is deepening the developing countries' dependence on imperialism and creating serious obstacles in the way of their socioeconomic progress. Supporting the TNC's neocolonialist expansion in the developing world in every possible way, the United States and its Western partners are largely undermining the United Nations' efforts to organize equal international cooperation.

#### A. Fesenko: Example of Equal Mutually Profitable Cooperation

Internal resources should primarily be channeled into the accomplishment of the complex tasks of the young states' socioeconomic development. However, there is also considerable significance in outside economic assistance, which is designed to supplement their own efforts. Assistance and aid to the developing countries in overcoming economic backwardness is the fundamental course of the Soviet Union in the sphere of international economic relations.

The internationalist policy of the land of soviets is reflected in the fact that in the sphere of assistance to the developing world the USSR is doing not less but more than any developed capitalist country. It should be borne in mind here that the assistance of the world's first socialist state to the developing countries is not compensation for damage that has been caused and not a payment for "past sins" but the assistance of a friend and ally in the struggle against the common enemy--imperialism. Among the most dynamic directions of the USSR's cooperation with the emergent countries is economic and technical assistance in the building of industrial and other national economic facilities, which has become an important factor in the young states' struggle for economic decolonization. In granting assistance our country is not seeking one-sided advantages, does not violate the partners' sovereignty and does not make the aid politically conditioned. It renders it within the framework of its possibilities and in forms corresponding to the Soviet social system which have proven their efficiency in practice and been recognized on the part of the developing countries themselves.

#### N. Zaytsev: Coordination of the Activity and the Approaches of the Developing Countries in the Struggle for a NIEO

Within the framework of the present discussion it would seem expedient with regard for the considerable number of Soviet specialists' publications on problems of the NIEO to raise two essential questions, namely: how did the mechanisms of the developing countries' activity to realize their proposals take shape in the past decade and also what are the basic changes in these countries' conceptual approaches to these problems.

The pronounced stimulation of the Group of 77 should be put among the most important results of the emergent states' struggle for a NIEO. It currently operates in a body of 125 countries in practically all international negotiations on economic and social issues and represents the developing countries' collective interests at the overwhelming majority of the biggest international economic forums.

There was an appreciable strengthening of the Group of 77's coordination mechanism in the past decade, despite the absence of formal statutes and a permanent secretariat. Coordination with the regional groups both within the framework of international forums and organizations and directly in the regions themselves was organized, in the main. Mention should be made in this respect of certain positive results of the activity of the Latin American Economic System, which was set up in 1975 and which assumed the functions of coordination of the Latin American countries' foreign economic policy, on the eve of international economic forums included, and also connecting link between Latin America and the Group of 77. It is paying increasingly great attention to questions of assisting economic cooperation among developing countries. On the basis of decisions of the group's conferences in Mexico (1976) and, particularly, in Caracas (1981) negotiations are under way, with UNCTAD's assistance, on the specific areas of cooperation, particularly on the creation of a global system of trade preferences between developing countries.

The struggle for a NIEO is also being conducted actively by the nonaligned movement, which was, as is known, the initiator of international discussion of the "new order" program. Recent conferences of heads of state and government of the nonaligned countries, particularly the Havana and Delhi conferences, paid the closest attention in the corresponding decisions to questions of the reorganization of international economic relations. Attention is also drawn to the growing interconnection between the most important initiatives of the nonaligned movement and the subsequent activity in the United Nations of the Group of 77. Thus the proposal concerning the holding of "global negotiations," one of the main ones in the Group of 77's actions in recent years, was put forward at the Havana conference. The recommendations in Delhi on the need for the international community's adoption of a program of urgent measures in spheres of direct significance for the developing countries (raw material and finished products trade, currency and finance) was a basic element of the Group of 77's program at UNCTAD-VI (1983). In certain areas, economic cooperation among developing countries, for example, the decisions of the Group of 77 and the nonaligned movement also provide for the formal coordination of programs of activity.

A distinguishing feature of recent years has been a certain evolution of the developing countries' approach to international economic negotiations. First, it aspires to impart to international organizations, supplementary to their "traditional" functions of discussion of the corresponding problems, the nature of centers for the coordination of a variety of conventions, agreements and other legally binding international documents. Second, the Group of 77's approach to the negotiations themselves is gradually changing. The original actions as "suppliants" of a kind were replaced in the initial years of the struggle for the NIEO by the advancement of radical demands and attempts to win from the West their immediate fulfillment. At the last major international

economic conference--UNCTAD-VI--the developing countries, guided, it would seem, by the recommendations of the report of a group of experts of the Commonwealth Secretariat (1982), which had international repercussions, and of the second report of the Brandt Commission (1983), called for "dialogue and consensus".

Acting from joint positions may undoubtedly be distinguished as a further most important singularity of the developing countries' multilateral economic diplomacy. Maintaining unity of action between countries with different levels of development, economic potentials and interests, given continuation of considerable political disagreements, as far as territorial disputes and even military conflicts, is an extremely complex task. As a consequence many Western specialists have evaluated and continue to evaluate highly critically the possibilities of unity being achieved in the Group of 77. However, it remains a fact that in the 20 years of its activity, including the 10-year period of negotiations on various aspects of the NIEO program, the developing countries have acted at practically all the biggest forums from common positions, and instances of violations of "group discipline" are extremely rare. This phenomenon undoubtedly merits serious independent analysis. Here, however, let us turn our attention to the following. In our opinion, in the course of the struggle for a NIEO the developing countries have been well aware of the force of joint actions and collective "negotiating potential" and will obviously hardly abandon this weapon in the foreseeable future, despite the above-mentioned disagreements and deepening process of differentiation in the world of the emergent states.

Of course, the resultant of individual positions appears as an inevitable compromise and takes account of the interests of each country in far from everything. Nonetheless, the uniform position of the developing states is an objective reality. The countries united in the Group of 77 represent a considerable political force, which has to be reckoned with in the course of multilateral negotiations.

The past decade revealed something else also--the limited nature of the Group of 77's possibilities of influencing the final outcome of the negotiations, the inadequacy and contradictoriness of its tactical line and the shortcomings of its organizational structure. Despite the developing countries' increased role in the world economy and international economic relations and the appearance on this basis of trends toward a "new interdependence," the decisive economic and political positions remain, as before, with the West, which determines the "rules of the game" both in the relations along West-South lines themselves and in the course of multilateral negotiations. The developing countries' use of different negotiating tactics--from emphatic demands through proposals for a search for "dialogue and consensus"--have as yet to produce tangible results, to which the results of the biggest international economic forums of recent years testify.

Nonetheless, the emergent states are endeavoring, as before, to use to the utmost the mechanism of multilateral negotiations to achieve a NIEO. "Whence," certain specialists rightly conclude, "the Group of 77's persistence in respect of the holding of global negotiations and somewhat naive belief that the fruitlessness of previous efforts to establish a NIEO was explained mainly by the

inadequacy of the negotiating mechanism, that is, the existing system of international economic organizations. And, finally, whence the obvious tendency of the Group of 77 to initiate or support the creation of new economic bodies and organizations, primarily within the framework of the UN system."\*

Despite the said progress, the Group of 77's organizational structure still fails to correspond to the scale of its political activeness. The group lacks its own secretariat and an adequate mechanism for mutual consultation.

Nor does participation in negotiations with the West in a limited composition outside of the UN framework, as, for example, in the Paris Conference (1975-1977) and the North-South dialogue (1981), contribute to the success of the developing countries' negotiating activity. Deprived of the support of the socialist countries, the emergent states objectively weaken their positions in relations with the imperialist powers.

The developing countries' conceptual approaches to the NIEO, as, equally, their entire foreign economic program connected with the establishment of the "new order," also underwent a certain evolution in the decade. This was objectively caused by the changes in the world economic and political situation, primarily the significant improvement in the developing countries' economic position under the impact of the crisis processes in the world capitalist economy, the failure to realize many of the original provisions of the NIEO program and also the changing correlation of forces within the Group of 77 itself. The latter is undoubtedly having a considerable impact on the evolution of its approach to the struggle for a NIEO. True, this feature, perhaps, may be subjected to an extended analysis least (the group's sessions are conducted, as a rule, behind closed doors, and the positions of individual countries are far from always made public).

Nor is there any doubt that the period of the increasingly great incorporation of developing countries in the world capitalist economy which coincided in time with the struggle for a NIEO was reflected in the program's "scale of priorities" also. Whereas the initial documents of a NIEO and the first years of the negotiations on realization of the program the emphasis was put on the use of fundamental principles and rules in the world economic sphere, the emergent states' sovereignty over their natural resources and regulation of the activity of the TNC, there was a certain shift of accents in subsequent years. Currency-finance and trade questions, including problems of indebtedness, raw material and finished products trade and commercial policy, have moved to the forefront. The main attention has come to be paid to the international community's approval of short-term measures, immediate in nature. It is such that we may evaluate the program of urgent measures proposed in the Economic Declaration of the Delhi Conference and adopted by the Group of 77 in the "Buenos Aires Platform".

---

\* See "Urgent Problems of the Activity of International Organizations: Theory and Practice," Moscow, 1982, pp 161-162.

Such an approach was largely dictated, of course, by the sharply deteriorated economic position of the developing countries. At the same time also indirectly reflected in the change in priorities were the interests of a considerable number of members of the Group of 77 which had advanced along the capitalist development path and which are attempting to regulate their problems in relations with the West with the help of multilateral negotiations. It is perfectly obvious that countries of a capitalist orientation cannot fail to have a dual approach to the struggle for a NIEO, although their ruling circles have an objective interest in strengthening their countries' positions in mutual relations with the developed capitalist states, primarily in the removal of the most odious, discriminatory methods applied against them by the imperialist powers and their groupings.

Nor can the developing countries' positions fail to be weakened by the unwarranted demands which are still being put forward with respect to a number of questions which directly affect the economic and political interests of the socialist states. The problems of trade relations between countries with different socioeconomic systems being discussed in UNCTAD are among such questions.

At the same time a number of new approaches has emerged in the positions of the developing countries which represent a certain step forward in the development of the NIEO program. Among them we should put primarily increased recognition of the inseparable interconnection of the accomplishment of development tasks with ensuring peace. The Ministerial Declaration of the Group of 77's preparatory conference for UNCTAD-VI says: "Questions pertaining to the world economy, international economic relations and development are directly connected with questions of peace and stability. Their separate examination is harmful to security in the world.... An easing of tension throughout the world, a halt to the arms race and effective disarmament measures, which could release resources so necessary for development, are vitally necessary for global economic development."\*

Together with this the developing countries have begun to a greater extent than before to criticize the activity of international economic institutions. Thus "The Buenos Aires Platform" declared: "The crisis has demonstrated dramatically the unsuitability and limitations of the existing international institutional framework.... From the very outset the international finance and commercial institutions were intended to serve the interests of the developed world.... The functioning of these institutions and their policy are now subordinated to political and other alien considerations unrelated to development problems and the needs of the developing countries."\*\*

In the documents of the Delhi Conference and at the conference in Buenos Aires the developing countries confirmed the need for the application of global solutions of problems of the world economy with the participation of all groups of countries.

\* Document TD/285. "The Buenos Aires Platform," Belgrade, June 1983, p 5.

\*\* Ibid., p 9.



On the eve and at the outset of the 1980's, to a considerable extent under the impact of the disappointing results of the negotiations with the West to realize the NIEO program, the emergent states began to pay greater attention to the development of mutual economic cooperation. Economic cooperation among developing countries is regarded by the Group of 77 "as an important component of the group's collective actions for a reorganization of international economic relations and the establishment of a NIEO."\*

The world economic situation, which is extremely unfavorable for the developing countries, conditions the need for continuation of their struggle for a reorganization of international economic relations. The mood in support of its continuation will, it would seem, basically determine the developing countries' approach to the use of multilateral economic negotiations. For this reason it may be expected that the struggle to establish a NIEO in the foreseeable future will largely come to determine the diplomatic assertiveness of the developing countries in the United Nations (to be continued).

COPYRIGHT: Izdatel'stvo "Pravda". "Mirovaya ekonomika i mezhdunarodnyye otnosheniya". 1984

8850

CSO: 1816/11

---

\* Document Caracas G. 77/F. "Final Report of the High Level Conference on Economic Cooperation among Developing Countries," Caracas, May 1981, p 111.

## U.S.-JAPANESE COMPETITION IN HIGH-TECHNOLOGY INDUSTRY

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 7,  
Jul 84 pp 133-140

[Article by Yu. Osipov: "Japanese-American Rivalry on the High-Technology Product Markets"]

[Text] After World War II the United States dominated the majority of international capitalist markets, but the situation began to change as of the mid-1960's. The rate of growth of production, investments in fixed capital and labor productivity declined and inflation, the budget deficit and unemployment increased in the country. The limited nature of national sales markets came to be perceived and the possibilities of the mechanization and automation of production began to be exhausted at that time.

Confidence in the "unlimited American inventiveness" together with a race for profits of the moment led to the United States missing the moment when Japan began to represent for it a real threat on international markets. The growth rate of the U.S. economy and the assimilation of new products was still sufficiently high, while Japan's war-ravaged industry had not been restored and the United States maintained its superiority. As the scientific-technical potential grew, the Land of the Rising Sun caught up with and subsequently overtook the United States in a number of spheres, primarily in the production of certain types of high-technology product.\*

The aspiration to international recognition of the goods it produces and their increased quality became the basic direction of Japan's industrial strategy. By the mid-1960's the country had scored considerable successes in its realization. Many Japanese commodities, primarily high-technology, are distinguished by high competitiveness by virtue of their quality and relatively low costs.

As Japanese workers' average wage approached the level of the industrially developed countries and the quality of American and West European commodities

---

\* According to the classification adopted in the United States, a product is high-technology which is manufactured by the sectors of industry which employ 25 or more scientists and technical specialists in the R&D sphere per 1,000 employees and where total funds of expenditure on R&D constitute no less than 3.5 percent of sold output. High-technology commodities are usually classified in four groups: chemical products; machinery and equipment; aircraft and aircraft industry products; and specialized and scientific devices and instruments.

improved (particularly under the influence of rivalry with Japan), business and ruling circles turned to a search for other ways of increasing competitiveness. At the current stage the accent is shifting to the sphere of the development and industrial use of the most promising directions of scientific-technical progress--robot technology, microelectronics and biotechnology.

Japan's successes in the competitive struggle with the United States, however, are not an indicator that the United States has irreversibly lost out in the technology race of the imperialist giants. The Americans' positions are still strong, and they will hardly be yielding them in the foreseeable future. At the same time, however, the gap in the scientific-technical sphere between the United States and Japan, although great, is tending to close. It is important in this connection to examine the specific features of the rivalry between the two countries in the sphere of the trade in high-technology commodities, evaluate the development trends in the 1980's and 1990's and also analyze the factors enabling Japan not only to catch up with but also overtake the United States in the production of a number of high-technology commodities.

#### American-Japanese Foreign Trade Relations in the Sphere of High-Technology Products

Following the restoration of Japan's war-ravaged economy, emphasis was put on the creation of modern production, an accelerated growth rate and modernization.

The country's industry is characterized by the flexible and prompt introduction of technological innovations, an endeavor to build enterprises on a par with the latest achievements of technology and management, the high discipline and qualifications of the engineers and workers and also strong ties between business and ruling circles. In addition, an economic strategy aimed at the development of the high-technology sectors was drawn up.

By virtue of their high competitiveness, as of the mid-1960's Japanese goods began to penetrate the United States and put the squeeze on it on markets of third countries. At the start of 1981 Japan had reached first place in the production of automobiles, television receivers, cameras, movie cameras and a number of other commodities. The country occupies the foremost positions in the sphere of steel-smelting techniques, chemical products, construction materials and shipbuilding.

As of the end of the 1960's trade relations between the United States and Japan have been characterized by the growing deficit of the United States. In 1981 it had grown to \$15.8 billion and in 1982 to \$16.8 billion.

An increase in the U.S. deficit in the trade in traditional commodities has been observed since the start of the 1970's. At the same time, however, in the sphere of high-technology products the U.S. balance of trade has been in surplus and has shown a trend toward growth (see Table 1).

Table 1. Dynamics of the U.S. Balance of Trade (\$, millions)

	<u>High-technology products</u>			<u>Non-high-technology products</u>		
	<u>Balance</u>	<u>Exports</u>	<u>Imports</u>	<u>Balance</u>	<u>Exports</u>	<u>Imports</u>
1960	5,891	7,597	1,706	-179	4,962	5,141
1965	8,148	11,078	2,930	-2,027	6,281	8,308
1970	11,722	19,274	7,552	-8,285	10,069	18,354
1975	29,344	46,439	17,095	-9,474	24,511	33,985
1976	28,964	50,830	21,866	-16,499	26,411	42,910
1977	27,107	53,370	26,263	-23,509	26,781	50,290
1978	29,598	63,908	34,310	-35,379	30,627	66,006
1979	39,270	79,117	39,847	-34,828	37,559	72,387

Source: "Science Indicators. 1980," Washington, 1981, p 234.

The deficit in the trade in high-technology products increased because of iron, steel rolling products and automobiles, which, according to the classification adopted in the United States, are not among the high-technology products. The surplus trade balance in high-technology commodities is connected almost 50 percent with the trade in machinery and equipment. A particularly rapid increase in the growth of sales of this group of commodities was observed in the period 1972 to 1975 (205 percent), which was largely explained by the sharp increase in exports of computers, internal combustion engines and also mining equipment.

Since 1975 a certain reduction has been discerned in the surplus balance in the trade in high-technology products because of an increase in imports of home electronics, power equipment and engines. As of 1972 there has been a sharp increase in exports of products of aircraft industry and related spheres and also chemical industry. The surplus balance in the trade in high-technology commodities throughout the two decades was offset by the deficit in the trade in non-high-technology products of processing industry.

Whereas the trade in technically intricate products is taking shape favorably for the United States as a whole, a different picture is observed in relations with the FRG and Japan. The deficit in the trade in high-technology products with Japan began to increase particularly rapidly after 1974 (see Table 2). From 1974 through 1978 it increased more than 90 percent, rising to \$5.7 billion. Among high-technology products the United States managed to maintain a surplus balance only in bilateral trade in products of chemical industry and aircraft industry.

Table 2. Dynamics of America-Japanese Trade in High-Technology Products  
(\$, millions)

	<u>Exports</u>	<u>Imports</u>	<u>Balance</u>
1966	661	794	-133
1970	1,536	1,760	-224
1971	1,520	2,036	-516
1972	1,639	2,610	-971
1973	2,218	3,066	-848
1974	3,007	3,557	-550
1975	2,390	3,410	-1,020
1976	2,701	5,355	-2,654
1977	2,792	6,252	-3,460
1978	3,630	9,324	-5,694
1979	5,318	9,593	-4,275

Source: "Science Indicators. 1980," p 236.

The growth of the United States' foreign trade deficit was accompanied by a drop in its share on world markets of the high-technology products of both the developing and developed countries. At the same time, however, the relative significance of Japan in such exports almost tripled from 1962 through 1977 and amounted to 14 percent.

Mention should also be made of Japan's progress in a number of general economic indicators. Thus the country's industrial production in 1970-1980 increased 58 percent, whereas in the other industrially developed states it increased on average 37 percent, while exports increased 191 and 87 percent respectively. As a result Japan's share in the industrial production of the OECD countries increased in this period from 13 to 15.1 percent and in total exports from 8.7 to 13.3 percent.

Japan's achievements in increasing labor productivity are palpable also. Thus whereas output per person employed in processing industry in the United States in 1960-1980 increased 41.3 percent, in Japan it increased 101 percent.\* As a whole the American level of labor productivity is still considerably higher, but the gap is closing constantly. For example, in 1960 real GNP per employed person constituted in Japan 24.1 percent of the American GNP and in 1980 some 68.4 percent.\*\*

The dynamics of spending on R&D on the eve and at the outset of the 1980's as a whole and in certain sectors is portrayed in Table 3.

\* See "Science Indicators. 1980," Washington, 1981, p 220.

\*\* Ibid., p 221.

Table 3. Japan's Spending on R&amp;D

<u>Fiscal Year</u>	<u>Total</u>	<u>Private companies</u>		<u>Government establishments</u>		<u>Universities</u>	
		<u>Billions, yen</u>	<u>%</u>	<u>Billions, yen</u>	<u>%</u>	<u>Billions, yen</u>	<u>%</u>
1975	2,975	1,685	56.6	450	15.2	840	28.2
1976	3,320	1,882	56.7	504	15.2	934	28.1
1977	3,651	2,109	57.8	530	14.5	1,012	27.7
1978	4,046	2,291	56.6	604	14.9	1,151	28.5
1979	4,608	2,665	57.8	660	14.3	1,283	27.9
1980	5,246	3,142	59.9	764	14.6	1,340	25.5

Estimated from "Industrial Review of Japan/1982," Tokyo, 1982, p 36.

Prior to the mid-1970's the main expenditure of the Land of the Rising Sun was channeled into applied R&D, whereas spending was comparatively slight on fundamental research. A huge number of licenses, primarily in such leading industrial sectors as metallurgy, shipbuilding and auto assembly, chemistry and so forth, was purchased. As a consequence of the maturity of applied research they were worked up to a technical standard far superior to the original.

But inasmuch as the constant assimilation and increased competitiveness of new types of high-technology product is impossible on a basis merely of borrowed technology, spending on fundamental research gradually, as of the mid-1970's, came to be increased. Furthermore, there is no doubt that success in the struggle for sales markets will depend increasingly on the level of development of new, promising types of product (computers, robots and so forth), and this is possible only on a basis of a solid theoretical foundation. Nonetheless, the country continues to maintain the orientation toward applied R&D. In Japan the proportion of state financing of R&D allocated basically for fundamental research is less than in other industrially developed countries, while the firms are as yet spending comparatively little to this end. Of total expenditure on R&D in 1981-1982, Japanese firms channeled 72.9 percent into experimental-design developments, 21.8 percent into applied research and only 5.2 percent into fundamental research.

Nonetheless, an increasingly large number of Japanese firms is taking the path of creating original innovations in the sphere of auto assembly, electronics industry, home electronics and steel smelting. They are combining the path aimed at the purchase of licenses in the United States and West Europe with the creation of fundamentally new types of high-technology product: next-generation computers, robot technology, bioengineering and so forth.

An appreciable role in the increased efficiency of industrial production is being performed by the growth rate of general scientific-technical potential. From 1965 through 1978 the overall numbers of research assistants and engineers employed in the R&D sphere of the Land of the Rising Sun increased by a factor of 2.3, while the numbers of their American counterparts increased only by a factor of 1.2. In 1965 Japan had only 24.6 scientists and engineers



per 10,000 of the population, whereas the United States had 64.1. By the end of the 1970's this gap had been reduced considerably, and the corresponding indicators were 49.4 and 58.3. An important indicator of the country's scientific-technical potential is the ratio of spending on scientific R&D to GNP. In 1961 this indicator constituted 1.39 percent for Japan, but 2.73 percent for the United States. However, by 1978 the American indicator had declined to 2.23 percent, while the Japanese indicator had risen to 1.93 percent.

A sharp reduction was observed in the period 1971-1979 in the number of American patents issued (38 percent). The number patents issued within the country here declined 46 percent and 16 percent to foreign corporations and citizens. The data for Japan testify that from 1971 through 1977 the number of patents issues its citizens and companies increased by a factor of 1.7, while the number of those issued to foreigners declined 14 percent. This means that the number of innovations realized in the United States is gradually declining, whereas in Japan it is gradually increasing.

However, the scientific-technical potential of the United States as a whole is far in excess of the Japanese potential. Thus in 1978 the United States had 597,300 research assistants and engineers employed in R&D, while Japan had only 273,100. The United States is also outpacing Japan in level of spending on R&D. Thus by the end of the 1970's American spending on R&D constituted approximately \$50 billion, while in Japan the figure was less than half this amount.\*

#### Reasons for the Increased Competitiveness of Japanese High-Technology Products

Attempting to uncover the reasons for the high competitiveness of Japanese goods, high-technology goods included, experts distinguish a number of factors. The Swiss organization European Forum for Management Problems analyzed 245 indicators of competitiveness, which were grouped in 10 determining factors. According to these estimates, Japan moves into the leading positions, followed after a long gap by Switzerland and the United States.

Japan gained first place in four factors--economic growth rate, industrial production efficiency, readiness to stimulate trade activity and policy in respect of innovations; the United in only three--manpower resources, role of the state and development of the infrastructure.

Many foreign experts believe that Japanese firms' winning of firm positions on foreign markets is largely explained by the quality of their commodities, which brings in additional revenue and increased trust in the firm.

The Japanese Government Corporation for the Introduction of New Technology compared the equality of 186 types of analogous Japanese and American industrial product. It turned out that the United States is ahead of Japan in quality indicators in the production of 72 of the products, Japanese goods were superior in 54 types and the remainder were at approximately an identical level. Japan was ahead in such products as ships, automobiles, refrigerators, television

\* "Science Indicators. 1980," pp 7, 208, 210, 225, 226.

receivers, video recorders, optical glass, special steels, synthetic dies, ceramics and PVC. But the United States retains the lead in terms of the scale of production of computers and their software, lasers and many types of pharmaceutical product (particularly antibiotics and anticancer preparations) and also in the sphere of industrial planning and theoretical research connected with the use and development of fundamentally new types of product.

The interconnection of the quality and competitiveness of commodities has become so obvious that many leaders of Japanese firms have come to recognize the problem of quality as the main one. "Quality groups,"\* which were first introduced by the Komatsu firm, began to spread rapidly at Japanese enterprises in the 1960's.

This firm currently has 1,100 "quality groups" working on the solution of 4,000 problems of product improvement. Specialists emphasize that the measures to increase quality are highly effective as a consequence of the decline in the proportion of defective products and the reduction in work time spent on repeat processing, finishing and reworking. According to certain estimates, avoiding the above operations makes it possible to increase profits approximately 20-fold.

American companies are making a thorough study of Japan's methods of improving product quality. Thus "quality groups" have been created at major corporations of aircraft industry (Lockheed), automobile production (General Motors) and so forth.

Such informal associations pay for themselves with interest, yielding \$3-\$8 per dollar spent. Specialists of the American Lockheed Corporation believe that in 3 years of work 30 "groups" have produced proceeds of \$3 million, whereas less than 20 percent of this amount has gone into their organization.

To a considerable extent the competitiveness of Japanese products is explained by the particular features of production management. A refined system of exploitation of the working people has been created in the country which is frequently served up in the guise of universal quality in the production process. The so-called job-for-life system is publicized extensively. But, first, it is employed only in large and medium-sized companies, and millions of Japanese working people employed in small-scale and medium-sized production, where the bulk of the country's industrial product is produced, are just as liable to dismissal as the workers of other capitalist countries. Second, the firms which practice this system carefully select the workers before granting them guaranteed employment. Finally, the workers and employees are subject to increased exploitation in these companies. But on the scale of all industry this system enables Japanese managers to introduce innovations more boldly. In many companies initiative is stimulated with the aid of bonuses--paid twice a year and often constituting half of a manager's annual earnings.

---

\* The "quality groups" are informal groups of workers and engineers for discussing problems of increasing the quality of their products (for more detail see SShA: EKONOMIKA, POLITIKA, IDEOLOGIYA No 3, 1983, pp 93-102).

The state-monopoly machinery, which stimulates commercial activity and policy in respect of innovations, also contributes to this. The ministries and administrations enjoy full authority in their sector. For example, the Ministry of International Trade and Industry (MITI) is responsible for R&D in industry. In close contact with the leadership of the corporations it determines the most promising directions of research programs and decides financial questions. This contributes to the increased efficiency of research and the fullest possible use of the results of R&D.

Many ministries and departments participate together with the MITI in the shaping of official scientific-technical policy. Upon the choice priorities account is taken of the programs connected with the development of resources (energy particularly), the solution of environmental problems and health care and also the creation of technical innovations capable of increasing the competitiveness of Japanese industry.\*

The MITI is a source of state financing of scientific research. It develops the basic directions of activity in the R&D sphere. As distinct from the United States, in which a system of competitive bids in accordance with which the major contracts for R&D are obtained by individual companies is widespread, in Japan several companies unite for the fulfillment of state orders. As a result more favorable conditions are created for the practical realization of large-scale projects (the creation of a fifth-generation computer, in the biotechnology sphere and so forth, for example).

The so-called R&D subsidy system, which was introduced by the MITI, began to operate in Japan in 1982. Its purpose is to stimulate the basic sectors of industry on the basis of the development of progressive techniques. The ministry will allocate resources contributing to an improvement in production processes and the increased quality of the manufactured products. The development of new materials (conducting ceramics, memory materials), powder metallurgy methods for the production of products from aluminum and techniques of the production of high-quality chemicals, synthetic fiber and superfast spinning are distinguished among the proposed directions.

In the United States federal activity in coordinating R&D is considerably less strongly developed, although, American specialists themselves believe, unification of the scientific-technical potential of the federal government and the private industrial firms would make it possible to increase the efficiency of scientific research considerably. The attempts to create joint centers for the development of individual subjects (in the sphere of automobile production, for example) have ended, with a few exceptions, in failure.

Speaking of the struggle between the United States and Japan on the markets of high-technology products, the spending on militarization should be emphasized particularly. The urgent need for the modernization of U.S. industry and the development of the high-technology sectors stands in profound contradiction to the R. Reagan administration's policy of intensification of the arms race.

---

\* See C.A. Tisdell, "Science and Technology Policy," London--New York, 1981, p 123.

A significant proportion of the products of the high-technology sectors is channeled into the realization of military programs. According to MITI data, almost 63 percent of the communications equipment produced in the country (45 percent in 1979), 56 percent of aircraft engines and engines for spacecraft (42 percent), 34 percent of instruments for scientific research and engineering (24 Percent), 31 percent of optical devices (22 percent), 20 percent of electronic components (12 percent), 13 percent of computer technology (4 percent), will be channeled into military programs in 1987. Whereas in the 1980 fiscal year the Defense Department accounted for approximately 47 percent of the total government spending on R&D, in the 1982 fiscal year, according to government estimates, it will amount to 62 percent.

In Japan the proportion of military spending in the GNP, despite its high growth rate, is still comparatively low. In the United States military spending amounted to \$158.6 billion in the 1981 fiscal year, in Japan to approximately \$12 billion. The proportion of American military spending in the GNP constituted 5 percent at the start of the 1980's, but 0.9 percent in Japan.\* The relatively lower expenditure on military preparations make it possible to channel resources into the development of industry and an increase in labor productivity.

#### Struggle for Priority in the Promising Directions of Scientific-Technical Progress

The outcome of the competitive struggle between the two countries will largely be determined by the efficiency of the production of promising products--robots, new generations of computers and microprocessors--and the development of biotechnology.

In this connection interest in the United States in the industrial use of robots, in particular, is growing sharply. Great attention is being paid to robotics by such major corporations as General Motors, General Electric and certain others, which are employing "electronic people" for a broad range of operations in metallurgical and steel industry, diagnostics, welding and auto painting and also in materials handling operations, checking the quality of finished products and so forth. More than 50 American corporations are currently engaged in the production of industrial robots. According to a forecast of the Society of Engineers of Processing Industry, the domestic robot market in the United States will have grown to 10,000 by 1985 or \$350 million, while in 1990 it will have exceeded \$2 billion.\*\*

More than 40 corporations are manufacturing industrial robots in Japan. Up to now the efforts of Japanese firms have been channeled in to the satisfaction of domestic demand. It is proposed in the immediate future to reorient them partially toward the American market, where firms of the Land of the Rising Sun will have appreciable advantages inasmuch as they will come to it with a less expensive product.

From this viewpoint great significance is attached to the development of flexible automated systems (FAS), which have great possibilities for increasing the

\* See MEMO No 8, 1982, p 26; V.G. Leshke, "The Japanese-American Alliance," Moscow, 1983, pp 96, 97.

\*\* See "1983. U.S. Industrial Outlook," Washington, 1983, p 204.

efficiency of small-series, multiple-product production. The introduction of FAS will make it possible to increase the manufacture of products while reducing the number of those employed, reduce defective work and increase the flexibility of production processes. These systems have been deployed in the United States, which retains the lead in their production. The world FAS market in 1981 ran to approximately 100 units, of which the United States accounted for 30. However, the leading positions in the capitalist world in the development and introduction of FAS are occupied by Japan, which, according to estimates, is approximately 3 years ahead of other countries in this sphere.

A trend toward the United States' lagging in the production of integrated circuits has been discerned. The exacerbation of the economic crisis in the mid-1970's caused a reduction in investments in the fixed capital of American semiconductor industry. At the same time, however, the Japanese monopolies, primarily Nihon Denki, Hitachi and Toshiba, continued to channel large resources into the expansion of production capacity. As a result in the latter half of the 1970's domestic demand for integrated circuits exceeded the production potential of American companies, of which Japanese firms took advantage. By the end of 1979 they accounted for 40 percent of the U.S. market.

On the world capitalist market the relative significance of Japanese semiconductor industry products increased from 23 percent in 1980 to 27 percent in 1981 and 34 percent in 1982, whereas the United States' share declined from 59.4 percent in 1980 to 54.8 percent in 1981. At the same time, however, the United States dominates the world computer market. The American IBM controls 50 percent of the market, whereas the Japanese monopolies account for 10-15 percent. However, given the support of the MITI, they are hoping by 1990 to have increased their quota on the world computer market to 30 percent and within the United States to 18 percent.

Owing to the limited nature of the domestic computer market (which constitutes only 10 percent of the American market), export expansion is becoming a decisive factor of a further increase in computer production in Japan. To expand exports the companies are either orienting themselves toward specialized American firms or attempting to set up overseas daughter branches. A plan for the creation of a fifth-generation computer was prepared in 1982 on the initiative of the MITI which is to become the strong point of the development of Japanese computers.

Understanding the danger which such plans represent for them, American firms are endeavoring to take advantage of the Japanese experience, particularly the unification of the efforts of the biggest companies in tackling this specific task or the other. Thus in February 1982 some 16 of the biggest American electronics industry companies reached agreement on the creation of the Microelectronics and Computer Technology Corporation consortium, the purpose of which is the development of new materials and quality control systems and so forth.

A direction of the development of the industry of the future is bioengineering. In the United States approximately 200 small-scale firms are specializing in this field, which is expanding constantly. But its surge, according to authoritative

estimates, will begin no earlier than the end of the 1980's. Such an expansion of demand as was predicted a few years is not to be expected prior to the mid-1990's. The development of this sphere of industry has been sharply limited by a number of factors, particularly of an ethical and religious nature. Environmental "pollution" by the self-reproducing products of genetic engineering also represents considerable danger. However, Japanese companies are displaying assertiveness in this sphere also. Of the 194 patents in the sphere of biotechnology issued in 1977-1979, Japan accounted for 124, the United States for 39. Of the 11 new antibiotics which appeared on the world market in 1979, 7 were products of laboratories of Japanese firms. However, in the total number of new medicines that have been manufactured Japan is still behind the United States. As in other areas of promising scientific developments, the government is rendering appreciable assistance in the development of biology. Official support increased particularly after the MITI announced in 1981 the implementation of national plans for the development of biotechnology.

The main contribution to R&D in the sphere of biotechnology is being made by large-scale diversified corporations employed in food industry and also pharmaceutical and chemical corporations. Thus among companies proposing in the next 2-5 years to develop new biotechnology commodities, firms with a paid-up capital of over 10 billion yen constituted 42 percent.

Despite the successes which Japan is scoring in the sphere of scientific-technical progress, they should not be overestimated, in the plane of rivalry with the United States included.

First, many of the innovations in Japan--plants with "people-free technology" using new production engineering processes, microelectronics and robotics--are only a small part of the country's production machinery "considerably divorced from the remaining huge part, which is far behind in terms of technical level or intensiveness of the use of equipment."\* Second, crisis phenomena are characteristic of Japan just as of other capitalist countries.

Finally, the United States is well aware of the danger of Japanese commodities and is taking active steps in the struggle for sales markets of high-technology products.

In the period 1967-1982 overall spending on R&D in the United States increased by a factor of 3.5, the amount of federal financing by a factor of 2.6 and the appropriations of private industrial companies by a factor of 5.3.

The trend toward an increase in industrial firms' spending on R&D can be traced in recent years in the United States. In 1980 their share of total R&D (in cost terms) constituted 70.1 percent, in 1981 some 71.1 percent and in 1982 some 72.1 percent. American companies understand that spending on science will be recouped in the future and for this reason, despite the decline in demand and the high interest rates, are increasing expenditure on R&D in new technology. Thus in 1982 American firms' expenditure on R&D grew 8.4 percent.

\* MEMO No 2, 1983, p 128.



According to certain estimates, more favorable conditions have now taken shape in the United States for the introduction of the latest technology. This conclusion is being drawn on the grounds that the United States is displaying greater-than-usual attention to the latest achievements in the sphere of information and the extensive introduction of microelectronics. Federal stimulation of private investors' interest in enterprises and small companies specializing in the development of the latest technology is also increasing.

A law enacted in 1980 stimulating investments in small firms has contributed to an influx of capital into companies specializing in a certain type of high-technology product. The reduction in taxes on profits from stock market dealings from 49 to 28 percent and the proposals for a lifting of the tax on certain small firms capable of manufacturing new types of products have caused a broad influx of capital into the development of the latest technology (in the sphere of microelectronics, communications equipment, data processing, robotics and biotechnology) since, although connected with higher-than-usual risk, this promises high profits. The more favorable performance of the shares of firms specializing in the latest technology compared with average indicators, in particular, testifies to this. Investments therein ensures comparatively high dividends. At the same time, however, the prices of the shares of these firms are relatively unstable since in 2-3 years after the latest technology has been developed their products (and owing to profitability to a considerable extent also) begin to encounter serious competition.

Finally, for an evaluation of the development trends of the two countries' "relations" on the markets of high-technology products it has to be considered that the singularities of the organization of scientific quest in Japan impede the appearance of fundamental innovations. First, despite the fact that voices have been heard increasingly often lately calling for an expansion of fundamental research, the emphasis is being put mainly on applied and commercial research. Second, the Japanese higher education system is inferior to the American system. Ties not only between the universities but also between them and industrial circles are weak. The post-higher educational institution training of specialists in the sphere of applied sciences and the rapid realization of technical achievements, the United States maintains considerable superiority in the sphere of fundamental knowledge, which will ultimately serve as the nutrient medium of scientific-technical progress.

An analysis of the competitive struggle between the United States and Japan in the sphere of high-technology products makes it possible to draw the following conclusions.

The differences between the economic and scientific-technical potential of the United States and Japan are still great, and the United States is far ahead of Japan in the basic directions of scientific-technical progress. At the same time, however, the high competitiveness of Japanese high-technology commodities conditioned by their quality and relatively low costs is leading to Japanese goods penetrating the American market increasingly extensively, exacerbating the trade conflicts between the two imperialist powers.

The government and private corporations of the United States are concerned at Japan's growing might and in this connection are making constant attempts to develop a system of countermeasures capable of resisting the Japanese pressure. Increased attention is being paid to the quality of products, closer ties between government and business are being established and a reorientation toward new promising directions of scientific-technical progress is under way.

At the same time, however, the lagging in the sphere of fundamental research, the acute raw material shortage, the inadequate training of personnel and so forth are serving as factors curbing the growth rate of the Japanese economy. In this connection many forecasts assert that Japan will hardly succeed in drawing close to the United States and, even less, overtaking it in terms of its scientific-technical potential (at least before the end of this millennium).

As a whole the competitive struggle between Japan and the United States is becoming increasingly intense. The high scientific-technical potential of the United States is creating certain prerequisites for the United States, despite Japan's pressure on the markets of high-technology products, to feel confident. However, the assertiveness of the Land of the Rising Sun is so great that in the 1980's-1990's the competitive struggle between the two imperialist centers will undoubtedly become even more intense.

COPYRIGHT: Izdatel'stvo "Pravda". "Mirovaya ekonomika i mezhdunarodnyye otnosheniya". 1984

8850  
CSO: 1816/11

## BLOC CSCE EXPERTS COMMISSION MEETS

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 7,  
Jul 84 pp 141-143

[V. Razmerov report on meeting of commission of European security and cooperation experts]

[Text] A meeting of experts of the Permanent Commission of Research Institutions of the Socialist Countries on Problems of European Security and Cooperation was held 22-25 May 1984 in Moscow.

Dr. Yuliya Zakhariyeva from the Bulgarian section, Dr Gyorg Szentesi from the Hungarian section, Prof Werner Hoenisch and Dr Siegfried Schwarz from the GDR section, Prof Wojciech Multan from the Polish section and Dr Vladimir Leska from the CSSR section took part in the meeting. The Soviet delegation was headed by Prof O.N. Bykov, doctor of historical sciences and deputy direction of the USSR Academy of Sciences IMEMO.

The Permanent Commission on Problems of European Security was set up at a meeting of representatives of research institutions of the GDR, Poland, the USSR and the CSSR in February 1962 in Prague. Currently the following research institutions participate in its activity: the Bulgarian Academy of Sciences Institute of International Relations and Socialist Integration; the Hungarian Foreign Ministry Institute of International Relations; the GDR Foreign Ministry Institute of International Relations and the Institute of International Politics and Economics; the Polish Foreign Ministry Institute of International Issues; the USSR's IMEMO; and the CSSR's Institute of International Relations.

The Soviet section of the Permanent Commission on Problems of European Security and Cooperation operates on the basis of the USSR Academy of Sciences IMEMO. Representatives of the journals MEZHDUNARODNAYA ZHIZN' and MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA and also of the USSR Academy of Sciences Institute of History and Institute of Recent and Most Recent History and other research institutions have participated in a number of measures which have been conducted within the framework of the Permanent Commission.

The main form of the Permanent Commission's activity is annual scientific sessions which discuss urgent problems of European security and cooperation,

coordinate the work of the national sections, evaluate the results of joint research, discuss joint publications and draw up plans for further scientific cooperation.

The leading place in the course of the sessions of the Permanent Commission, which are convened annually in each of the participating countries in turn, is occupied by scientific discussion in accordance with a script drawn up in advance.

The conferences, symposia and situational analyses conducted within the Permanent Commission framework are prepared by a committee of experts, which includes the deputy chairmen of the national sections or their representatives.

In accordance with the decision of the Permanent Commission adopted at the meeting in Leipzig in 1983, the meeting of experts formulated on the basis of drafts submitted by the national sections as script for scientific discussion by the next meeting of the Permanent Commission on the subject: "New Conditions, Tasks and Possibilities of the Struggle for Security and Arms Limitation in Europe".

The concerted points of the script examine various aspects of the military-political and military-strategic situation which has taken shape in Europe, including: changes in the relations of states of the two systems, Soviet-American relations, bilateral relations between the West European and socialist countries, the consequences of the deployment of the new American intermediate-range missiles in West Europe and others. A large place was devoted to an analysis and forecast of the development trends of the policy and strategy of the United States and NATO and the domestic political situation in West European countries (Britain, the FRG, France, Italy, Belgium and Holland).

In this connection it is proposed studying: the basic directions of the development of NATO's military potential (with regard for the plans for modernizing conventional arms); the evolution of military and political cooperation in West Europe, including the activity of the Western European Union, West European political cooperation and cooperation in the sphere of security policy; and the trends of military and military-political interaction between the FRG and France and Britain's position.

It is planned to discuss the question of the modification of strategic ideas on problems of security and arms limitation in the FRG, France, Great Britain, Italy, and small NATO countries and neutral and nonaligned countries and also the correlation of common features and contradictions in the United States and the West European states in the approach to these questions.

Paramount attention will be paid to factors counteracting the confrontational policy of the imperialist states.

The participants in the session will have to analyze the degree of interest of the West European countries in the preservation of certain elements of the infrastructure of detente--bilateral relations or relations on a regional

level; the Helsinki process; economic contacts; differences in the positions of the West European countries and the United States on East-West problems; and differences in the evaluations of these problems between West European countries.

It is proposed in this connection to examine the role of the European neutral and nonaligned countries under the new conditions and also the problems, prospects and alignment of forces in the antiwar movement at the current stage and its specific features in individual countries.

The participants in the meeting of experts proposed allocating the above subjects among all the national sections of the Permanent Commission.

The question of the convening of an international scientific conference on problems of militarism and revanchism was discussed in the course of the May meeting of experts.

On behalf of the Czechoslovak section Dr Vladimir Leska submitted the proposal that the Permanent Commission participate actively in the preparation of an international scientific conference on the subject "Danger of the Trends of Militarism and Revanchism in the Political Circles of a Number of Western Countries" which would be held in the latter half of September this year in Prague. The Czechoslovak section noted in this connection the need for thorough scientific-organizational preparation of the said measure.

The participants in the meeting discussed the proposal of the Czechoslovak section and recommended that the directors of the institutional members of the Permanent Commission examine the question of the next session of this commission, which will discuss scientific-organizational questions, simultaneously with the above-mentioned conference in Prague.

The meeting of experts of the Permanent Commission proposed possible subjects of papers at the "Danger of the Trends of Militarism and Revanchism in the Political Circles of a Number of Western Countries" conference. These included:

The class essence of militarism and its manifestations in the era of imperialism.

The policy of political circles of a number of Western countries' connivance at the deployment of the continent of Europe of new American missiles--manifestation of a policy of upsetting the evolved military balance in favor of the West.

The role in the arms race of political circles of Western states: the FRG, Britain, France and Italy.

The efforts of the ruling circles of the FRG and France to create a local West European "defense" system.

The role of the British Conservative government in acts to undermine European security.

The French concept of national defense and European security.

The FRG's military-industrial complex and its reactionary role.

Cooperation in the sphere of arms production in West Europe.

Economic and social consequences of the arms race in the NATO countries.

Inseparable connection between militarism and revanchism in the era of imperialism.

Current attacks on Yalta and their true meaning.

The inviolability of borders--most important factor of international stability.

The expansionist traditions of German imperialism and Bonn's current foreign policy.

Revival of the activity of revanchist organizations in the FRG, Italy and a number of other Western countries.

New trends of revanchism in the FRG's Ostpolitik.

The philosophy of force in the thinking of West Europe's militarist circles.

West Europe as a target of the United States' power politics.

Militarist plans of the stimulation of the Western European Union.

NATO--generator of militarist trends in West Europe.

The Eurogroup--spokesman for militarist trends.

The "Rogers Plan": way to increasing the military danger in Europe.

The role of the West European countries in the "globalization" of NATO functions.

The West European countries as arms suppliers to the world's "flashpoints".

The Soviet section of the Permanent Commission formulated proposals in accordance with which the following problems will be put forward for discussion by the commission's plenary session as possible areas of joint research:

Counteraction of the militarist policy of the United States and NATO and the struggle to ensure European and international security.

The imperialist NATO bloc and the military threat which it engenders.



Easing of military confrontation in Europe.

Strengthening trust between East and West.

Evolution of the West European countries' foreign policy.

Possibilities of the expansion of the economic and scientific-technical cooperation of European socialist and capitalist countries.

Prospects of the extension of the all-European process of strengthening security and expanding cooperation.

The meeting received and took note of information from Prof W. Hoenisch of the GDR section on responses to the open letter sent by the Leipzig session of the Permanent Commission to European international relations institutes, particularly the responses received from Romania, Spain and Great Britain.

The meeting of experts of national sections of the Permanent Commission of Research Institutions of Socialist Countries on Problems of European Security and Cooperation was held in a friendly, comradely atmosphere, which is typical of the commission's measures and which helps its participants achieve fruitful results.

COPYRIGHT: Izdatel'stvo "Pravda". "Mirovaya ekonomika i mezhdunarodnyye otnosheniya". 1984

8850

CSO: 1816/11

MEMO SERIES ON CAPITALIST STATES: VOLUME ON U.S.

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 7,  
Jul 84 pp 144-146

[V. Zhelezova review: "Contemporary Monopoly Capitalism"]

[Text] In a series under the above title the USSR Academy of Sciences IMEMO has prepared eight books on the economy and policy of the developed capitalist countries. The present series is separated from a similar preceding series, which appeared in 1972, by the turbulent events of the last decade. In the capitalist world as a whole and in individual capitalist countries they have led to considerable economic and political changes, which is reflected in the works of the new series. Six of them--on the United States, Japan, Great Britain, the FRG, France and Italy--have already been published, and the journal's editorial office begins reviewing them as of this issue.

The book in question\* is a notable phenomenon in Soviet American studies. It will undoubtedly be of great interest to specialists, will be useful for educational purposes in economic faculties and, of course, will attract the attention of a broad readership interested in topical problems of the biggest imperialist power.

The main merit of this work is the multilevel, comprehensive analysis of that which is new which was brought to the economic, political and social life of the leading power of contemporary imperialism by the serious upheavals of the 1970's-start of the 1980's. The past decade led to a significant decline in the relative significance of the United States in the economy of the capitalist world, which, however, as the work rightly emphasizes, does not permit the conclusion concerning "an unconditional weakening of the positions of American imperialism" (p 17). The authors adduce convincing arguments against such an evaluation. True, the book speaks of the United States' place in the "world economy" and not in the world capitalist economy, which would be far more accurate in the political economy and practical aspects.

\* "Soyedinennyye Shtaty Ameriki" [The United States of America] [Ex. eds, A.V. Anikin, O.N. Bykov and A.I. Shapiro), Moscow, Izdatel'stvo "Mysl'," 1982, 446 pages.

The monograph pays great attention to an analysis of the new economic and social processes (chapters II-VIII). Abiding by Marxist-Leninist methodology, the experts begin with a description of the production forces. In particular, they examine the dynamics of the production volume and the labor productivity level in the 1970's compared with preceding periods. Whereas in the period 1951-1973 the growth rate of the gross domestic product constituted 3.9 percent on an annual average, in the period 1974-1980 it constituted 1.9 percent, while there was no social labor productivity growth in the period 1973-1980 (p 35). Cyclical and structural crises, the decline in the rate of development of the scientific sphere, the slowing the accumulation of fixed capital, the contradictoriness of official economic policy and others are cited as being among the reasons for this critical trend.

Having shown the reasons for the disproportional nature of the development of the American economy, the authors draw the cogent conclusion that "despite the maneuvers of state-monopoly capital, the development of production in the United States, particularly in the 1970's, has been accompanied by a deepening of a number of old and also the emergence of new disproportions in the country's economy" (p 79). It is a question of the swelling of sectors connected with military production, the imbalance in the production and consumption of energy and raw materials, the hypertrophied development of a number of sectors of the services spheres and the periodic discrepancy between production of producer goods and the manufacture of consumer products.

A most striking section of the book is undoubtedly the chapter which describes the monopoly structure of the economy. The initial premise here is the theoretically and regional-geographically important proposition that "in the 1970's-1980's appreciable changes occurred in the monopoly structure of the U.S. economy which reflected the development of the production forces, the specific features of the course of reproduction, the influence of the state and changes in the country's position in the world economy" (p 90). Among these changes are the following: the increased concentration of sectorial production in major concerns and their progressive diversification; the regrouping of capital in the course of the mergers and takeovers of the 1970's-1980's; the multiplication of methods of attaching small business, consolidated in narrowly specialized sectors of the market, to the monopolies; the introduction of more efficient forms of management in the major corporations; growth of financial institutions' share of the ownership of the stock of industrial monopolies; and so forth.

Crises, stagflation, the turns of federal regulation, destabilization of the currency sphere, sharp exacerbation of the energy situation--these and other events, as follows from the work, caused an accelerated growth of monopolization, which, in turn, lent new impetus to the further merger of industrial capital with the biggest banks and other credit-finance institutions. Under current conditions, we read in the book, "the relations of the banking and industrial monopolies have become even closer, while the domination of finance-monopoly capital in the country's economy has become even more obvious" (p 119). This conclusion, which ensues from a detailed and evidential analysis of the events which are occurring, is very important

in the plane of a critique of bourgeois theories (liberal included) denying the existence and, even more, the domination of finance capital in the imperialist economy.

The finance groups are studied by the authors retrospectively, in the main. At the same time the same phenomena of the capitalist economy of the last decade introduced much that is new to this highest organizational form of finance capital that, unfortunately, has not been reflected in the work. Certain procedural approaches to an analysis of the American monopolies are a cause for disagreement: thus it is hardly expedient to examine their present-day characteristics in isolation from international expansion. The transnational industrial corporations and banks of the United States remain primarily, despite the scale of their international activity, the main force in the national economy, and their interweaving with one another constitutes the basis of finance capital's domination in this country. For this reason the analysis of the international activity of the TNC and the banks only in the chapter concerning foreign economic relations impoverishes somewhat the study of the current monopoly structure of the U.S. economy.

The study of state-monopoly regulation of the economy on the eve and at the outset of the 1980's is of great interest. It was from this time that the crisis of the system of traditional forms of regulation came to manifest itself distinctly. On the basis of an analysis of the changes occurring under the influence of the crisis the authors conclude: the changes in the mutual relations of private business and the state and the abrupt change in the concepts of official economic policy have led to no "dismantling" of federal regulation for, despite the "deregulation" principle proclaimed by the R. Reagan administration, it is in reality "intruding into the economic process, using for this credit-monetary, budget and other levers, albeit differently from the administrations which were in office before it" (p 182).

The development of the U.S. national economy is examined in the work in inseparable connection with the movement of the world capitalist economic cycle. At the focus of the authors' attention are the particular features of the cyclical dynamics of U.S. production in the 1970's-start of the 1980's: the increased role in the crisis recessions of the industrial sectors manufacturing consumer and investment commodities (metallurgy, basic types of heavy engineering and others); the increased synchronism of the cyclical fluctuations in all sectors; the decline in labor productivity at the time of crises and the general slowing of its long-term dynamics; and the considerable decline in the growth rate of the working people's real income. The interaction of the development of the cycle and the inflation process is examined separately; the chapter on cycles, crises and inflation provides valuable material for an understanding of new, fundamentally important phenomena in American economic life and the specific features and lessons of the crises of the past decade.

The description of the current competitive positions of American imperialism is interesting inasmuch as, as is known, their constant deterioration began back in the mid-1950's. It would seem that the authors have succeeded in giving a balanced assessment of the trends developing here. Of course, as an

exporter, the United States has ceased to have a monopoly in world trade, and the competitiveness of American goods has declined. At the same time "the United States has big opportunities for an intensification of the competitive struggle on world markets" (p 213). And the main one here is the high scientific-technical potential. It is not fortuitous that America, as the work shows, remains the leader on the markets of advanced high-technology products and has a considerably surplus in the trade in the corresponding commodities.

The monograph makes a detailed analysis of the ways of adaptation of the United States' foreign economic strategy to the changing conditions in the world arena and concludes that "a change from a policy of Americanocentrism to polycentrism and to a policy of compromise and partnership" (p 216) is under way under the new conditions. However, as shown in many examples, the goal is pursued here with more flexible methods of securing the economic and political interests of American monopoly capital than hitherto. The processes occurring in the world dictated the need for a change in certain means of foreign economic strategy and, mainly, tactics. The authors trace these changes in the United States' relations with the developed capitalist countries and the young states, examining the new features characteristic of the basic forms of foreign economic relations--foreign trade, imports and export of capital, foreign assistance and weapons trade. They could, perhaps, be reproached for the fact that the analysis of American imperialism's foreign economic expansion has not reflected the changes which have occurred in the sphere of scientific-technical relations.

A special section is devoted to transnational industrial corporations and banks. A number of new features in their international strategy is noted. These include the attraction of a very extensive scale of the capital of various countries for financing their overseas operations; restructuring of the system of the organization and control of international activity; reorientation of capital toward the developing countries and the growth of de-investment in the developed countries; and the increased concentration of capital in sectors directly influenced by the scientific-technical revolution. The work shows how all these innovations are contributing to the creation of new systems of the dictat of the transnational giants.

Analyzing the social process occurring in the United States, the authors draw attention to their great dynamism and note that the speed and scale of the social regroupings "are attended by qualitative, sociopolitical consequences inasmuch as an ever larger part of the population is perceiving the infirmity of its position" (p 267). The new situation which is taking shape is being reflected in the consciousness and behavior of the main social forces and forcing the ruling class to seek new directions in its strategy.

Thus the sections devoted to economic and social aspects of the life of the United States on the frontier of the two decades provide a broad canvas of the new trends. True, the changes occurring in American agriculture remain outside of the "frame" of the study, and the authors cannot be reproached for this. The less so in that the said sphere of the American economy is highly specific in the plane of the development of the monopolization process.

The final two chapters of the work examine problems of domestic and foreign policy. In connection with the upcoming presidential election in the United States there is undoubted interest for the reader in the material on the singularities of the state-monopoly mechanism, the functioning of the two-party system and the interaction of the legislature and executive authority. The analysis of such a complex and contradictory phenomenon as "American conservatism" is of particular interest. The experts note that its strengthening in the 1980's signifies a marked break with the political trends of preceding decades. In the atmosphere of militarist and chauvinist fervor in the country, the insane spiraling of the arms race and the unprecedented increase in the budget deficit the rightwing-conservative Republican administration is pursuing the "policy line of the most aggressive reactionary groupings of the monopoly upper stratum of the military-industrial complex" (p 363). This applies both to domestic policy and the foreign policy course of the United States in all areas.

COPYRIGHT: Izdatel'stvo "Pravda". "Mirovaya ekonomika i mezhdunarodnyye otnosheniya". 1984

8850

CSO: 1816/11



## BOOK VIEWS MILITARY USES OF WESTERN MERCHANT MARINES

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 7,  
Jul 84 pp 151-152

[S. Karpov review: "Militarism and Merchant Shipping"]

[Text] There is, perhaps, no country in the world whose economy is not connected with maritime navigation, and shipping lanes themselves are now called the arteries of modern industry. The role of sea transport in international trade, where it accounts on average for four out of every five tons of transported freight, is particularly great. In the postwar period alone (up to the 1980's) total maritime freight shipments have increased more than 10-fold, considerably outstripping the overall growth rate of population and agricultural and industrial production and even the growth rate of population and agricultural and industrial production and even the growth of the physical volume of world foreign trade.

The work in question\* examines the reasons for the accelerated development of shipping in the modern period, the main stages of its development, the trends of the changes in the geography and structure of freight flows and the role of individual countries in world shipments.

The imperialist powers are paying the main attention to the development of the tonnage of their merchant fleet, which in summary terms has increased by a factor of 4.5 since the war. Its capacity has increased even more. This is connected on the one hand with the overall growth of the volume of international trade and the shipment of freight by sea and, on the other, with the qualitative change in the composition and structure of the merchant fleet and the acceleration of the pace of scientific-technical progress in sea transport. At the same time the authors show convincingly that the achievements of scientific-technical progress, given the creation of a large number of specialized supertankers, ore carriers, container ships, LASH ships, RO/RO ships (rolkery) and a number of other ships under the conditions of capitalism, also pursue far-reaching plans for the militarization of maritime shipping.

---

\* V.G. Parshin, A.A. Romanenko, V.K. Sokolov, "Morskoy transport kapitalisticheskikh stran (Tendentsii razvitiya i militarizatsiya)" [Sea Transport of the Capitalist Countries (Development Trends and Militarization)], Moscow, Izdatel'stvo "Nauka," 1983, 260 pages.

"Regarding the merchant fleet as a 'fourth arm of the services,'" the experts note, "the military-political leadership of the United States and NATO is endeavoring to increase its military-strategic potential to the maximum." The U.S. Administration, which is gambling on the merchant fleet in its global aggressive strategy, which provides for the sudden unleashing of war in any part of the world and its "geographical" escalation, attaches particular military significance to it (p 134).

"An appreciable influence on the growth of sea transport," the authors believe, "has been exerted by the militarization of the economy of the capitalist countries, which is absorbing both primary raw material imports and industrial products of the civilian sectors. The material requirements of the armed forces have become abruptly more complex, and the cycles of the replacement of conventional types of weapons and strategic systems have been abridged. Although low-capacity and costly materials for aviation-space, nuclear, missile and electronics industry have come to enjoy high demand, bulk types of raw material and fuel have assumed even greater importance than before" (p 35).

The imperialist powers were shipping huge volumes of military freight by sea right after World War II even--in the course of supporting a variety of interventionist operations. A special Sea Transportation Command was formed in the United States (as part of the navy) for this purpose. Thus in the period of the United States' aggression in Korea the average rate of the shipment of military freight to the theater constituted more than 30,000 tons a day, while supplying the U.S. Army during the "dirty war" in Vietnam approximately 80,000 tons of ammunition, 320,000 tons of fuel and 1.5 million tons of foodstuffs were brought in monthly (pp 75, 76).

In the spring of 1982, during the Anglo-Argentine armed conflict on the Falklands (Malvinas), the Conservative government requisitioned more than 60 merchant ships for the immediate delivery to the theater of troop contingents, ammunition, equipment and kit. In addition, at the height of the military operations, at the order of the government, all ships flying the British flag within the confines of a vast area south of Ascension Island were mobilized and put under the full jurisdiction of the commander of the naval task force. As the book observes, the experience of Great Britain's military transportation in this "local war" attracted the attention of the United States, which actively supported the British intervention (p 84).

Merchant ships of the capitalist countries are also used in the course of large-scale NATO military exercises. Thus the United States delivered military freight in a volume of 37,000 tons, including 292 M-60 tanks with maintenance personnel, to the Reforger-77 maneuvers in the FRG. Some 63,000 tons of military freight, including 2,400 units of mobile combat equipment, were transported during such exercises in 1979, and a kind of record was set in the shipment of personnel in 1980--16,000 men plus a large quantity of wheeled-tracked military equipment and containerized military and supply freight (pp 86, 87).

Seaports, which provide for the continuous nature of the transportation process in space and its interaction with other forms of communications, are also an important component of sea transport. Analyzing the activity of the

seaports of the developed capitalist countries which form the three main centers of modern imperialism (the United States, West Europe and Japan), the authors observe the considerable surplus port capacity has been created there, while the majority of developing countries are experiencing an acute shortage thereof (p 136).

The overwhelming proportion of transshipment operations in the industrially developed capitalist countries is now carried out by large-scale specialized and highly productive complexes. A particular place among them is occupied by container terminals, which are capable of providing for the handling of large volumes of military freight in a very short time.

The port systems of the imperialist powers are formed and developed with the direct participation of high government and military departments and reflect three principal directions of their possible use under the conditions of the war in preparation: as transport terminals providing for supplies of strategic raw material, food and other freight for "economic survival"; as elements of military-transport infrastructure linking future theaters of war with the aid of the merchant fleet; and as naval bases for the dispersal and deployment of the navy.

The process of militarization of the sea transport of the capitalist countries is a principal direction of the global militarization of the economy of the imperialist powers. For this reason the authors call for vigilance and the need to keep an eye on the dangerous operations of the militarist forces in charge of the preparations for new wars, considering that such preparations embrace not only the sphere of purely military but also the so-called civilian sector of the economy, including sea transport (p 238).

The monograph in question gives us a graphic idea of the present state and prospects of world merchant shipping, although it contains, we believe, a number of essential shortcomings. Thus analyzing the development trends of the capitalist countries' merchant fleet, the authors take as a basis mainly the data of Britain's Lloyd's Register. Yet these data refer to the entire world merchant fleet, including the huge number of fishing and other vessels not designed to perform transport functions.

The conclusions concerning the processes in the sphere of capitalist shipping are drawn mainly on the basis of the indicators of the 1970's, that is, a relatively favorable period of its development. But there have been cardinal changes since then: in the last 4 years alone, under the influence of the severest shipping crisis, the merchant fleet flying the national flag of, for example, Sweden has declined 50 percent, that of Britain and the FRG by one-third, that of Norway by 25 percent, of France by 20 percent and so forth.

Certain flaws in the use of maritime terminology and the layout of the material could also be pointed out.

Considering the particular importance of the problem examined in the book, I would like to recommend that the group of authors prepare a second edition thereof which would, naturally, take account of the remarks expressed.

COPYRIGHT: Izdatel'stvo "Pravda". "Mirovaya ekonomika i mezhdunarodnyye otnosheniya". 1984

OBITUARY OF IMEMO OFFICIAL ZAGLADINA

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 7,  
Jul 84 p 157

[Text] Svetlana Mikhaylovna Zagladina, head of a department of the USSR Academy of Sciences Institute of World Economy and International Relations, doctor of economic sciences and member of the CPSU, died age 55 on 20 May 1984.

S.M. Zagladina's work and social activity was inseparably connected with the Institute of World Economy and International Relations, where she had worked since 1962. A top scientist, S.M. Zagladina made a big contribution to the scientific development of a number of important theoretical and practical problems of modern capitalism, particularly the economics of scientific-technical progress and social production efficiency, economics of trade and the services sphere and international statistics.

The author of several monographs and numerous articles and papers and an active participant in many all-union and international conferences and symposia, S.M. Zagladina enjoyed deserved scientific authority and wide renown both in our country and abroad.

A responsive, modest and scrupulous person, S.M. Zagladina was always at the center of the social life of the institute's collective. At different times she was chairman of the trade union committee and member of the party committee of the institute and performed a great deal of lecture work.

The memory of great scientist, good and fine person and communist Svetlana Mikhaylovna Zagladina will forever remain in our hearts.

[Signed] Board of Directors  
Party Committee  
Trade Union Committee.

COPYRIGHT: Izdatel'stvo "Pravda". "Mirovaya ekonomika i mezhdunarodnyye otnosheniya". 1984

8850

CSO: 1816/11

END